



## Taneja Aerospace and Aviation Limited

Thally Road, Denkanikottai, Krishnagiri Dist.,

Belagondapalli - 635 114, Tamil Nadu

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Website: [www.taal.co.in](http://www.taal.co.in)

TAAL/SEC/2019-20

August 31, 2019

To,

Corporate Relationship Department  
**BSE Ltd**  
PJ Towers, Dalal Street, Fort,  
Mumbai-400001

**Scrip Code: 522229**

Dear Sir,

### **Sub: Submission of Annual Report of the Company for the Financial Year 2018-19**

Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015, (as amended) please find enclosed herewith the Annual Report of the Company for FY 2018-19 which is being dispatched/sent to the members through permitted mode(s).

Kindly take the same on your record and oblige.

Thanking you

Yours Faithfully,

**For Taneja Aerospace and Aviation Limited**

Sysha Kumar  
**Company Secretary**



Encl.: As Above





## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Dr. Prahlada Ramarao	Chairman of the Board & Director
Muralidhar Chitteti Reddy	Managing Director (w.e.f October 01, 2018)
Salil Taneja	Director (w.e.f October 01, 2018)
Rahael Shobhana Joseph	Director
Arvind Nanda	Director

### **COMPANY SECRETARY**

Sysha Kumar

### **AUDITORS**

M/s. MSKA & 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](mailto:secretarial@taal.co.in), Website: [www.taal.co.in](http://www.taal.co.in)  
CIN: L62200TZ1988PLC014460

### **REGISTRAR & SHARE TRANSFER AGENT**

Bigshare Services P. Ltd.

# Taneja Aerospace and Aviation Limited

## Board's Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors have pleasure in presenting the Thirtieth Annual Report and the Audited Financial Statements for the financial year ended March 31, 2019.

### FINANCIAL HIGHLIGHTS

Particulars	2018-19	2017-18
Gross Income	3,333.13	3246.75
Expenditure	2,681.66	3220.06
Profit/ (Loss) after Tax	515.99	15.00

### OPERATIONS

During the year under review the total income of the Company was Rs.3,333.13 Lakhs as compared to Rs. 3,246.75 Lakhs during the comparable previous year. The total comprehensive income for the year was Rs. 523.64 Lakhs as compared to Rs. 28.75 Lakhs during the comparable previous year.

### 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, 2019.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 ('Act') and Articles of Association of the Company, Mrs. Rahael Shobhana Joseph, Director of the Company, retires by rotation and being eligible, offers herself, for re-appointment.

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

The annual performance evaluation has been done by the Board of its own performance and that of its Committees and individual directors based on the criteria for evaluation of performance of independent directors and the Board of Directors and its Committees as approved by the Nomination and Remuneration Committee which the Board found to be satisfactory.

Details of familiarization program 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](http://www.taal.co.in)

Mr. Vijay Venkataraman was appointed as Chief Financial Officer of the Company w.e.f August 14, 2018. However he resigned as Chief Financial Officer of the Company w.e.f December 22, 2018.

Mr. Mahendra Nalluri was appointed as Chief Financial Officer of the Company w.e.f May 28, 2019.

Ms. Sysha Kumar was appointed as Company Secretary and Compliance Officer with effect from August 14, 2018.

### AUDITORS

M/s. MSKA & 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.

The Company has framed a Policy for determining Material Subsidiaries which is available on its website [www.taal.co.in](http://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 a separate section on Management Discussion & Analysis is forming part of this Report.

### CORPORATE GOVERNANCE REPORT

Pursuant to the SEBI (LODR) Regulations, 2015 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

Six 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 Act, 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, 2019 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'.

As per Section 134(3)(a) of the Act, the Annual Return referred to in Section 92(3) has been placed on the website of the Company at [www.taal.co.in](http://www.taal.co.in)

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

The particulars as required under Section 134(3)(m) of the Act 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](http://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'.

A statement showing details of employees in terms of Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to the members and others entitled there to. The said statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## **SECRETARIAL AUDIT REPORT**

Pursuant 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'.

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Particulars of Loans, Guarantees & Investments covered under Section 186 of the Act 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 pursuant to Section 135 of the Act during the year under review.

## **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**

Pursuant to Section 177 of the Act, an Audit Committee constituted by the Board consists of at least three directors with independent directors forming a majority. 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

# Taneja Aerospace and Aviation Limited

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## 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 Ins AS 24 has been given in Notes to Financial Statements forming part of this Annual Report.

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](http://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. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and during the year under review, there were no cases filed under the said Act.
5. The Company has complied with applicable Secretarial standards.
6. The Company has made and maintained Cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

## 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**  
Chairman

**Bengaluru, May 28, 2019**



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT

Over the last two decades, several areas of the economy have been deemed sunrise sectors. One of the them is Aerospace and Defence manufacturing sector. India has one of the largest defence budget's in the world.

The Company has increased its customer base with the addition of new customers in Aerospace and Defence activities.

### OPPORTUNITIES

With the Government opening up and providing enormous opportunities to the private sector, many global and domestic players are collaborating and having joint ventures for manufacturing of aero components, Maintenance, Repair and Overhaul (MRO) facilities for civil and military aviation sectors. The ongoing Government initiative in the outer space missions has opened up new opportunities.

Increase in air passenger traffic with a resultant growth in airline fleet sizes is expected to increase demand for MRO facilities of civil aircraft.

### THREATS

Aerospace & Defence manufacturing and MRO sector faces severe challenges in form of obsolescence due to new technology, dominance of emerging domestic and international players and delays in finalizing the orders. Economic downturn also is likely to have an adverse impact on the business.

### OUTLOOK

Strong collaboration between the government and the private sector is expected to help close the gap between Indian and Western manufacturers. With more demand and competition, India has a great potential to transform itself into an aerospace manufacturing hub soon.

### RISKS AND CONCERNS

Manufacturing for the aerospace sector is a complex exercise which is capital-intensive, has high technological requirements and a prolonged gestation period. While the industry has come a long way, it is still evolving to overcome the challenges of costly raw materials, skilled labour and technological requirements. Apart from above, any changes in government policies may adversely impact the business making it economically unviable.

### INTERNAL CONTROL SYSTEMS

Through regular internal review systems, the Company's internal control system is being strengthened periodically meeting the needs of Manufacturing & Services Division.

### DIVISION WISE PERFORMANCE

The Company has two divisions – manufacturing and Services.

The manufacturing division is associated with the manufacturing of aerospace components & structures. The majority of the

revenue of the division is derived from supplies to the defense sector and participating in their up-gradation program.

The services division generates income from aviation related infrastructure facilities including runway and hangars.

The division wise revenue of the Company for FY 2018-19 as compared to previous period is given below:

(Rs. in Lakhs)

Name of the Division	2018-19	2017-18
Manufacturing	588.89	552.31
Services	2,683.97	2,598.65
<b>Total</b>	<b>3,272.86</b>	<b>3,150.96</b>

### 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, 2019, the Company had 151 permanent employees.

### KEY FINANCIAL RATIOS

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) regulations 2018, the Company is required to details of significant changes (Change of 25% or more as compared to the immediately previous financial year) in key sector specific financial ratios. The Company has identified the following ratios as key financial ratios:

Particulars	2018-19	2017-18	Change
Debtors Turnover (times)	4.45	7.41	(40%)
Inventory Turnover (times)	10.55	6.46	(63%)
Interest Coverage Ratio	2.32	1.05	120%
Current Ratio	0.88	0.92	(4%)
Debt Equity Ratio	0.34	0.41	(17%)
Operating Profit Margin (%)	44.3	26.10	70%
Net Profit Margin (%)	15.80	0.50	3212%
Return on Net Worth (%)	5.60	0.20	3164%

Debtors turnover ratio have decreased due to increase in the credit period. Inventory turnover ratio has increased as a result of significant increase in the job work income. All other ratios have improved due to increase in profits during the year.

### 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.



# Taneja Aerospace and Aviation Limited

## 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 5 Directors of which 2 Directors are independent as on March 31, 2019.

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, 2019 are as follows:

Name of the Director	Category	Financial Year 2018-19 Attendance at		No. of Directorships in other public companies^	Committee positions in other public companies <sup>s</sup>	
		Board Meetings	Last AGM		Member	Chairman
Prahlada Ramarao <sup>1</sup>	Independent-NED	6	Yes	-	-	-
Salil Taneja <sup>2</sup>	Promoter-NED	5	Yes	1	-	-
Muralidhar Chitteti Reddy <sup>3</sup>	ED	6	Yes	-	-	-
Rahael Shobhana Joseph	Promoter-NED	4	No	1	2	-
Arvind Nanda <sup>4</sup>	Independent-NED	3	Yes	1	2	-

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

1. Appointed as the Chairman of the Board with effect from 01.10.2018
2. Resigned as Whole Time Director with effect from 01.10.2018;
3. Appointed as Whole Time Director designated as Managing Director w.e.f 01.10.2018;
4. Appointed as director w.e.f 14.08.2018;

^ 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.

The names of the listed entities where the person is a director and the category of directorship is as under

Name of the Director	Name of the Listed entity	Category
Prahlada Ramarao	None	None
Salil Taneja	TAAL Enterprises Limited	Promoter-ED
Muralidhar Chitteti Reddy	None	None
Rahael Shobhana Joseph	TAAL Enterprises Limited	Promoter-NED
Arvind Nanda	TAAL Enterprises Limited	Independent-NED

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

Sr. No.	Date of Meeting
1.	April 16, 2018
2.	May 29, 2018
3.	August 14, 2018
4.	September 29, 2018
5.	November 14, 2018
6.	February 09, 2019

As on March 31, 2019, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 & the relevant provisions of the Companies Act, 2013 Mrs. Rahael Shobhana Joseph, Director of the Company retires by rotation at ensuing Annual General Meeting (AGM) and being eligible, offers herself for re-appointment.

Brief resume of Directors proposed to be appointed/ re-appointed is given in the Notice convening the AGM.

## AUDIT COMMITTEE

Audit Committee of the Board of Directors of the Company is mainly entrusted with the responsibility to supervise the Company's financial reporting process. 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee, inter alia, performs the functions of reviewing annual/ quarterly financials, approval of related party transactions, recommending appointment of Auditors and their remuneration, Review of the Management Discussions & Analysis, Internal Audit Reports.

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

Name of Director	Chairman/ Member	No. of Meetings Attended
Muralidhar Chitteti Reddy <sup>1</sup>	Chairman	3
Prahlada Ramarao	Member	5
Rahael Shobhana Joseph	Member	4
Arvind Nanda <sup>2</sup>	Chairman	2

1. Appointed as Whole Time Director designated as Managing Director and ceased to be Chairman and member of the Audit Committee w.e.f 01.10.2018;
2. Appointed as director w.e.f 14.08.2018 and Chairman of the Audit Committee w.e.f 01.10.2018

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

Sr. No.	Date of Meeting
1.	April 16, 2018
2.	May 29, 2018
3.	August 14, 2018
4.	November 14, 2018
5.	February 09, 2019

Mr. Arvind Nanda, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 29, 2018

## MANAGERIAL REMUNERATION

### a) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination & Remuneration Committee (NRC).

The terms of reference of NRC are in conformity with the provisions of Section 178 of the Act and the stipulations of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The NRC, inter alia, performs the functions of recommending to the Board appointment of directors and senior management, create evaluation framework for independent directors and the Board, recommend to the Board remuneration payable to directors and senior management.

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

Name of Director	Chairman/ Member	No. of Meeting attended
Prahlada Ramarao <sup>1</sup>	Chairman	1
Muralidhar Chitteti Reddy <sup>2</sup>	Member	1
Rahael Shobhana Joseph	Member	1
Arvind Nanda <sup>3</sup>	Chairman	-

1. Ceased to be the Chairman of the NRC w.e.f 01.10.2018;
2. Appointed as Whole Time Director designated as Managing Director and ceased to be a member of the NRC w.e.f 01.10.2018;
3. Appointed as director w.e.f 14.08.2018 and Chairman of the Audit Committee w.e.f 01.10.2018

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

Sr. No.	Date of Meeting
1.	August 14, 2018

The Company does not have any Employee Stock Option Scheme.

# Taneja Aerospace and Aviation Limited

## b) REMUNERATION POLICY:

Based on recommendations of Nomination & Remuneration Committee, the remuneration payable to Whole Time Director, Key Managerial Personnel and Senior Management is decided by the Board which inter-alia is based on the criteria such as industry benchmarks, financial 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 the performance evaluation criteria's as recommended by the Nomination and Remuneration Committee and approved 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 <sup>1</sup>	77,06,667	40,000
Muralidhar Chitteti Reddy <sup>2</sup>	21,00,000	160,000
Prahlada Ramarao	-	240,000
Rahael Shobhana Joseph	-	180,000
Arvind Nanda <sup>3</sup>	-	100,000
<b>Total</b>	<b>98,06,667</b>	<b>720,000</b>

1. Ceased to be the Whole Time Director w.e.f October 01, 2018 and salary and perquisites pertain to the period April 01, 2018 to September 30, 2018.
2. Appointed as Whole Time Director designated as Managing Director w.e.f October 01, 2018. The salary and perquisites pertain to the period October 01, 2018 to March 31, 2019.
3. Appointed as director w.e.f August 14, 2018

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, 2019 are given below:

Name of Director	Number of Equity Shares
Salil Taneja <sup>1</sup>	3,200
Muralidhar Chitteti Reddy <sup>2</sup>	20,200*
Prahlada Ramarao	-
Rahael Shobhana Joseph	3200*
Arvind Nanda <sup>3</sup>	25

1. Appointed as Non-Executive Director w.e.f 01.10.2018
2. Appointed as Whole-Time Director designated as Managing Director w.e.f 01.10.2018 ;
3. Appointed as director w.e.f 14.08.2018

\* includes shares held in the name of the 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
Rahael Shobhana Joseph	Chairman	1
Muralidhar Chitteti Reddy <sup>1</sup>	Member	1
Prahlada Ramarao	Member	1
Arvind Nanda <sup>2</sup>	Member	-

1. Appointed as Whole Time Director designated as Managing Director w.e.f 01.10.2018 and ceased member of Stakeholders Relationship Committee w.e.f 01.10.2018;
2. Appointed as director w.e.f 14.08.2018

During the year under review, one Committee Meetings was held as under:

Sr. No.	Date of Meeting
1.	August 14, 2018

## INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on February 09, 2019 in conformity with the stipulations in Regulation 25 of the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 to discuss:

- The performance of Non-Independent Directors and the Board as a whole.
- The performance of Executive Directors.
- The quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting.

## COMPLIANCE OFFICER

Ms. Sysha Kumar, Company Secretary is 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 w.e.f August 14, 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, 2019.

Details of investor complaints received and redressed during the financial year 2018-19:

Number of complaints pending at the beginning of the year	0
Number of complaints received during the year	0
Number of complaints disposed of during the year	0
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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Chief Financial Officer 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
2017-18	September 29, 2018	Registered office at Belagondapalli	2.00 p.m.	1
2016-17	September 26, 2017	– do –	– do –	-
2015-16	September 28, 2016	– do –	– do –	3

The special resolutions moved at the Annual General Meeting for year 2017-18 and 2015-16 were passed with requisite majority by way of e-voting and poll.

The following Credit ratings are obtained by the Company

Facilities	Amount (Rs. In Crs.)	Rating	
Long Term Bank Facilities	36.10	CARE C; Stable	Revised from CARE D
Short Term Bank Facilities	12.19	CARE A 4	Revised from CARE D

## OTHER DISCLOSURES

- Details of related party transactions are furnished under Notes to Financial Statement.
- 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 except a Show Cause Notice from SEBI alleging inadequate disclosures under Regulation 36 of the erstwhile Listing Agreement was received during the period under consideration. Order dated 21.02.2019 imposing penalty on the Company and two of its directors was passed. The said penalty has been paid by the Company & directors.
- None of the Directors have any relation inter-se except Mr. Salil Taneja and Mrs. Rahael Shobhana Joseph.
- The quarterly internal auditors report is placed before the Audit Committee.
- The Company has established vigil mechanism and whistle blower policy. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

# Taneja Aerospace and Aviation Limited

Following documents/policies are placed on website of the Company at [www.taal.co.in](http://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.
- (vi) In the opinion of the Board, the independent directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.
- (vii) 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.
- (viii) The Company has duly complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.
- (ix) A certificate from company secretary in practice is enclosed herewith confirming that that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed to this report.
- (x) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is Rs. 972,902
- (xi) The following list of core skills/expertise/competencies are identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board:
- Business Management;
  - Business Development
  - Operations, Planning & Strategy;
  - Finance & Accounts;
  - Research and Development
  - Marketing
  - Administration
- (xii) There has been no instance where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year.

## GENERAL SHAREHOLDER INFORMATION

AGM Date and Time	September 28, 2019, at 2:00 p.m
Venue	Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.
Financial Year	April 01, 2018 to March 31, 2019
Dividend Payment date	Not Applicable
Listed on Stock Exchange	BSE Ltd, PJ Towers, Dalal Street, Fort, Mumbai - 400 001
Security Code (BSE)	522229
ISIN Number allotted to equity shares	INE692C01020
Registered Office	Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.

The Company has paid annual listing fees for the Financial Year 2019-20 to the Stock Exchange where the shares of the Company are listed.

## DESIGNATED EXCLUSIVE EMAIL ID OF THE COMPANY

The Company has the following E-mail Id exclusively for investor servicing: [secretarial@taal.co.in](mailto:secretarial@taal.co.in)

## 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 201	60.30	49.00	15,064.12	14,159.26
May 2018	51.00	40.00	15,109.38	14,351.64
June 2018	49.20	39.70	14,936.98	14,314.91
July 2018	45.90	31.80	15,327.53	14,379.24
August 2018	49.80	33.50	15,906.13	15,205.80
September 2018	39.70	31.90	15,937.92	14,337.77
October 2018	36.00	29.10	14,564.81	13,287.30
November 2018	33.85	28.40	14,481.82	13,874.76
December 2018	33.30	29.25	14,681.14	13,735.91
January 2019	33.65	28.25	14,595.97	14,001.25
February 2019	31.00	27.00	14,553.39	13,839.50
March 2019	39.40	27.25	15,316.93	14,246.80

Source: BSE website



## 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.

## SHARE TRANSFER SYSTEM

The Company's shares are traded compulsorily in Demat segment on the Stock Exchanges. Shares received for transfer in physical mode are processed & valid transfers are approved within prescribed time limit.

Pursuant to Regulation 40(9) of the Listing Regulations, certificate on half yearly basis have been filed with the Stock Exchange for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital Audit Report for all the quarters have been filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

## SHAREHOLDING DISTRIBUTION OF THE COMPANY AS ON MARCH 31, 2019:

SHAREHOLDING OF NOMINAL		NUMBER OF SHAREHOLDERS	% TO TOTAL	SHARES	% TO TOTAL
1	500	13,834	85.65	1,952,035	7.83
501	1000	1,038	6.43	880,220	3.53
1001	2000	539	3.34	851,323	3.41
2001	3000	221	1.37	565,336	2.27
3001	4000	94	0.58	336,583	1.35
4001	5000	104	0.64	496,067	1.99
5001	10000	167	1.03	1,247,721	5.00
10001	and above	154	0.95	18,601,451	74.61
		16,151	100	24,930,736	100

## DEMATERIALISATION OF SHARES AND LIQUIDITY

96.38% of Equity Share Capital is held in demat with NSDL & CDSL as on March 31, 2019.

## 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](http://www.bseindia.com).

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

The Company has no outstanding GDRs/ ADRs and 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

Bengaluru  
May 28, 2019

Dr. Prahlada Ramarao  
Chairman

# Taneja Aerospace and Aviation Limited

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## 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, 2019, 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, 2019.

For Taneja Aerospace and Aviation Ltd.

Bengaluru  
May 28, 2019

Dr. Prahlada Ramarao  
Chairman

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## 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, 2019, 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.

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: May 28, 2019

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

To,

The Board of Directors  
Taneja Aerospace and Aviation Ltd

We, Muralidhar Chitteti Reddy, Managing Director & Mahendra Nalluri, 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, 2019 and that to the best of our knowledge and belief;
- B. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- C. These statements together present a true & fair view of Company's affairs & are in compliance with existing accounting standards, applicable laws & regulations.
- D. 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.

- E. 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.
- F. We have indicated to Auditors and the Audit Committee:
  - i. There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2019;
  - ii. All significant changes in accounting policies during the financial year ended March 31, 2019 and that the same have been disclosed in the notes to the financial statements; and
  - iii. 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.

Muralidhar Chitteti Reddy  
Managing Director  
Bengaluru, May 28, 2019

Mahendra Nalluri  
Chief Financial Officer



**Certificate of Non-Disqualification of Directors**

**Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)**

To,  
The Members,  
Taneja Aerospace and Aviation Limited  
Belagondapalli Village, Thally Road, Denkanikotta  
Belagondapalli 635114

We have examined the relevant books, papers, minutes books, forms and returns filed, Notices received from the Directors during the last financial Year, and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives of (Taneja Aerospace And Aviation Limited, CIN: L62200TZ1988PLC014460) having its Registered office at Belagondapalli Village, Thally Road, Denkanikotta Belagondapalli 635114, for the purpose of issue of a Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub Clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our knowledge and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below who are on the Board of the Company as on 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by SEBI/Ministry of Corporate Affairs or any such other statutory authority.

S. No.	DIN	Name of the Director	Designation	Date of appointment in the Company
1	00328668	Salil Taneja Baldev	Director	01.01.1994
2	01621083	Muralidhar Chitteti Reddy	Managing Director	02.12.2017 Appointed as MD w.e.f 01.10.2018
3	01846107	Arvind Nanda	Director	14.08.2018
4	02427554	Rahael Shobhana Joseph	Director	14.12.2017
5	07548289	Prahlada Ramarao	Director	02.12.2017

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

**For DVD & Associates  
Company Secretaries**

**Devendra V. Deshpande  
Proprietor  
FCS 6099 CP 6515**

**Place: Pune  
Date: 28.05.2019**

# Taneja Aerospace and Aviation Limited

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2019

[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	17.99
2	Airfield and MRO Services	52231	82.01

### 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	
<b>A.</b>	<b>Promoters &amp; Promoter group</b>									
(1)	<b>Indian</b>									
	a) Individual/ HUF	32500		32500	0.13	32500		32500	0.13	0.00
	b) Central Government			0	0.00			0	0.00	0.00
	c) State Government(s)			0	0.00			0	0.00	0.00
	d) Bodies Corporate	12699516		12699516	50.94	12699516		12699516	50.94	0.00
	e) Banks / FI			0	0.00			0	0.00	0.00
	f) Any other			0	0.00			0	0.00	0.00
	<b>Sub-total (A) (1):-</b>	<b>12732016</b>	<b>0</b>	<b>12732016</b>	<b>51.07</b>	<b>12732016</b>	<b>-</b>	<b>12732016</b>	<b>51.07</b>	<b>0.00</b>
(2)	<b>Foreign</b>			0	0.00			0	0.00	0.00
	a) NRIs-Individuals			0	0.00			0	0.00	0.00
	b) Other-Individuals			0	0.00			0	0.00	0.00
	c) Bodies Corporate			0	0.00			0	0.00	0.00
	d) Banks/ FI			0	0.00			0	0.00	0.00
	e) Any other			0	0.00			0	0.00	0.00
	<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total shareholding of Promoter (A)=(A)(1)+(A)(2)</b>	<b>12732016</b>	<b>0</b>	<b>12732016</b>	<b>51.07</b>	<b>12732016</b>	<b>0</b>	<b>12732016</b>	<b>51.07</b>	<b>0.00</b>
<b>B.</b>	<b>Public Shareholding</b>									<b>0.00</b>
1.	<b>Institutions</b>									<b>0.00</b>
	a) Mutual Funds			0	0.00			0	0.00	0.00
	b) Banks / FI		400	400	0.00		400	400	0.00	0.00
	c) Central Government			0	0.00			0	0.00	0.00
	d) State Government(s)			0	0.00			0	0.00	0.00
	e) Venture Capital Funds			0	0.00			0	0.00	0.00
	f) Insurance Companies			0	0.00			0	0.00	0.00
	g) FIIs			0	0.00			0	0.00	0.00
	h) Foreign Venture Capital Funds	327129		327129	1.31	327129		327129	1.31	0.00
	<b>Sub-total (B)(1):-</b>	<b>327129</b>	<b>400</b>	<b>327529</b>	<b>1.31</b>	<b>327129</b>	<b>400</b>	<b>327529</b>	<b>1.31</b>	<b>0.00</b>
2.	<b>Non-Institutions</b>									
a)	Bodies Corporate			0				0	0.00	0.00
	i) Indian	976150	97001	1073151	4.30	854367	97001	951368	3.82	0.49
	ii) Overseas			0	0.00			0	0.00	0.00
b)	Individuals			0	0.00			0	0.00	0.00
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6061043	822476	6883519	27.61	6069165	805676	6874841	27.58	0.03
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3665066	0	3665066	14.70	3851781	0	3851781	15.45	-0.75

# Taneja Aerospace and Aviation Limited

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	
c)	Others (specify):-			0	0.00			0	0.00	0.00
	c)(1) Trusts	1	0	1	0.00	1		1	0.00	0.00
	c)(2) Non-Residents	247154	200	247354	0.99	190978	200	191178	0.77	0.23
	c)(3) NBFCs registered with RBI	2100	0	2100	0.01	2022	0	2022	0.01	
	Sub-total (B)(2):-	10951514	919677	11871191	47.62	10968314	902877	11871191	47.62	0.00
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	11278643	920077	12198720	48.93	11295443	903277	12198720	48.93	0.00
	C. Shares held by Custodian for GDRs & ADRs									
	Public	-	-	0	-	-	-	0	-	0.00
	Sub-total (C)	-	-	-	-	-	-	-	-	0.00
	Grand Total (A+B+C)	24010659	920077	24930736	100	24027459	903277	24930736	100	0.00

## 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	12653299	50.75	3.93	12653299	50.75	3.93	0.00
2	Lighto Technologies Private Limited	45717	0.18	0.00	45717	0.18	0.00	0.00
3	Alka P Mehta	29000	0.12	0.00	29000	0.12	0.00	0.00
6	Salil Baldev Taneja	3200	0.01	0.00	3200	0.01	0.00	0.00
4	Vishkul Enterprises Private Ltd	500	0.00	0.00	500	0.00	0.00	0.00
5	Baldevraj Topanram Taneja	300	0.00	0.00	300	0.00	0.00	0.00
	Total	12732016	51.07	3.93	12732016	51.07	3.93	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 (01.04.2018/ end of year 31.03.2019)	% total Shares of the Compnay				No of Shares	% total Shares of the Compnay
1	Bhagwandas K Sahu	500000	2.01	1-Apr-18			500000	2.01
		500000	2.01	31-Mar-19			500000	2.01
2	Bridge India Fund	327129	1.31	1-Apr-18			327129	1.31
		327129	1.31	31-Mar-19			327129	1.31
3	Prakash Chandra Modi	260000	1.04	1-Apr-18			260000	1.04
		260000	1.04	31-Mar-19			260000	1.04
4	Tara Jain	247800	0.99	1-Apr-18			247800	0.99
		247800	0.99	31-Mar-19			247800	0.99
5	Jaideep Narendra Sampat	1,78,146	0.71	1-Apr-2018			1,78,146	0.71
				6-Apr-2018	2,506	Buy	1,80,652	0.72
				13-Jul-2018	2,121	Buy	1,82,773	0.73
		1,82,773	0.73	31-Mar-2019				

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares At the Beginning (01.04.2018/ end of year 31.03.2019)	% total Shares of the Company				No of Shares	% total Shares of the Company
6	Rakesh Surie	1,65,928	0.67	1-Apr-2018			1,65,928	0.67
				14-Sep-2018	5,000	Buy	1,70,928	0.67
				15-Mar-2019	8,575	Buy	1,79,503	
		1,79,503	0.72	31-Mar-2019				
7	Abhijit Prabhakar Phadnis	92,000	0.37	1-Apr-2018			92,000	0.37
				11-May-2018	1,800	Buy	93,800	0.38
				18-May-2018	1,000	Buy	94,800	0.38
				25-May-2018	1,000	Buy	95,800	0.38
				22-Jun-2018	4,290	Buy	1,00,090	0.40
				29-Jun-2018	17,910	Buy	1,18,000	0.47
				6-Jul-2018	7,450	Buy	1,25,450	0.50
				13-Jul-2018	2,526	Buy	1,27,976	0.51
				20-Jul-2018	3,924	Buy	1,31,900	0.53
				27-Jul-2018	1,000	Buy	1,32,900	0.53
				24-Aug-2018	300	Buy	1,33,200	0.53
				31-Aug-2018	1,300	Buy	1,34,500	0.54
				7-Sep-2018	2,000	Buy	1,36,500	0.55
				14-Sep-2018	500	Buy	1,37,000	0.55
				28-Sep-2018	2,000	Buy	1,39,000	0.56
				5-Oct-2018	2,494	Buy	1,41,494	0.57
				12-Oct-2018	6	Buy	1,41,500	0.57
				26-Oct-2018	1,200	Buy	1,42,700	0.57
				2-Nov-2018	2,000	Buy	1,44,700	0.58
				9-Nov-2018	1,163	Buy	1,45,863	0.59
				16-Nov-2018	5,842	Buy	1,51,705	0.61
				23-Nov-2018	3,022	Buy	1,54,727	0.62
				30-Nov-2018	5,279	Buy	1,60,006	0.64
				7-Dec-2018	1,000	Buy	1,61,006	0.65
				21-Dec-2018	682	Buy	1,61,688	0.65
				28-Dec-2018	2,197	Buy	1,63,885	0.66
				4-Jan-2019	865	Buy	1,64,750	0.66
				11-Jan-2019	1,300	Buy	1,66,050	0.67
				18-Jan-2019	1,950	Buy	1,68,000	0.67
				25-Jan-2019	218	Buy	1,68,218	0.67
				1-Feb-2019	2,392	Buy	1,70,610	0.68
				8-Feb-2019	1,000	Buy	1,71,610	0.69
				15-Feb-2019	5,000	Buy	1,76,610	0.71
				1-Mar-2019	2,000	Buy	1,78,610	0.72
		1,78,610	0.72	31-Mar-2019				
8	Swavin Business Consultants Private Limited	70,000	0.28	1-Apr-2018			70,000	0.28
				8-Jun-2018	10,000	Buy	80,000	0.32
				15-Jun-2018	2,658	Buy	82,658	0.33
				29-Jun-2018	5,968	Buy	88,626	0.36
				6-Jul-2018	21,367	Buy	1,09,993	0.44
				13-Jul-2018	3,074	Buy	1,13,067	0.45
				20-Jul-2018	11,933	Buy	1,25,000	0.50
				3-Aug-2018	1,910	Buy	1,26,910	0.51
				11-Jan-2019	29,418	Buy	1,56,328	0.63
				29-Mar-2019	18,672	Buy	1,75,000	0.70
		1,75,000	0.70	31-Mar-2019				

# Taneja Aerospace and Aviation Limited

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares At the Beginning (01.04.2018/ end of year 31.03.2019)	% total Shares of the Compnay				No of Shares	% total Shares of the Compnay
9	K.swapna	150000	0.60	1-Apr-18			150000	
		150000	0.60	31-Mar-19				
10	Utkarsh Munot	116785	0.47	1-Apr-18				
		116785	0.47	31-Mar-19				
11	Pushpalatha M Naik	1,10,000	0.44	1-Apr-2018			1,10,000	0.44
		1,10,000	0.44	31-Mar-2019				

## Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding		Date	Increase/ Decrease in Shareholding	Reasons	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 - NED <sup>^1</sup>	3200	0.01	01.04.2018	-	-	3200	0.01
		3200	0.01	31.03.2019			3200	0.01
2	Mr. Prahlada Ramarao- NED	0	0	01.04.2018	-	-	0	0
		0	0	31.03.2019			0	0
3	Mr. Muralidhar Chitteti Reddy - ED <sup>^2</sup>	200	0	01.04.2018	20000	Buy	200	0
		20200	0	31.03.2019			20200	0.08
4	Mrs. Rahael Shobhana Joseph - NED	0	0	01.04.2018	-	-	0	0
		0	0	31.03.2019			0	0
5	Mr. Arvind Nanda - NED	0	0	01.04.2018	25	Buy	0	0
		25	0	31.03.2019			25	0
6	Mr. Arif Ahmad - Chief Financial Officer <sup>^3</sup>	5	0	01.04.2018	-	-	5	0
		5	0	31.03.2019			5	0
7	Ms. Sysha Kumar - Company Secretary <sup>^4</sup>	0	0	01.04.2018	-	-	0	0
		0	0	31.03.2019			0	0
8	Mr. V. Vijay - Chief Financial Officer <sup>^5</sup>	0	0	01.04.2018	-	-	0	0
		0	0	31.03.2019			0	0

<sup>^1</sup>. Ceased to be executive director w.e.f 30.09.2018

<sup>^2</sup> Appointed as executive director w.e.f 01.10.2018

<sup>^3</sup> Resigned w.e.f June 14, 2018

<sup>^4</sup>. Appointed w.e.f August 14, 2018

<sup>^5</sup>. Appointed w.e.f August 14, 2018 and resigned w.e.f December 22, 2018

## V. INDEBTEDNESS

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

(Rs. In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,280.72	83.67	128.37	3,537.34
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>	<b>3,280.72</b>	<b>83.67</b>	<b>128.37</b>	<b>3,537.34</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	200.00	17.17	217.17
Reduction	154.52	309.34	-	463.86
<b>Net Change</b>	<b>(154.52)</b>	<b>(109.34)</b>	<b>17.17</b>	<b>(246.69)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,126.20	(25.67)	145.54	3,246.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3,126.20</b>	<b>(25.67)</b>	<b>145.54</b>	<b>3,246.07</b>

## 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 till 30.09.2018	Muralidhar Chitteti Reddy w.e.f 01.10.2018	
1	Gross salary	77.07	21.00	98.07
	(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	-	-	-
	Leave encashment	-	-	-
	<b>Total (A)</b>	<b>77.07</b>	<b>21.00</b>	<b>98.07</b>
	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 Superannuation Fund.



# Taneja Aerospace and Aviation Limited

## B. Remuneration to other directors:

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Muralidhar Chitteti Reddy till 30.09.2018	Prahlada Ramarao	Arvind Nanda w.e.f 14.08.2018	
1	<b>Independent Directors</b> Fee for attending board/ committee meetings Commission Others, please specify	1.60	2.40	1.00	5.00
	<b>Total (1)</b>	1.60	2.40	1.00	5.00
2	<b>Other Non-Executive Directors</b> Fee for attending board / committee meetings Commission Others, please specify	<b>Salil Taneja w.e.f 01.10.2018</b> 0.40	<b>Rahael Shobhana Joseph</b> 1.80		2.20
	<b>Total (2)</b>	0.40	1.80	-	2.20
	<b>Total (B)=(1+2)</b>	2.00	4.20	1.00	7.20
	Total Managerial Remuneration	-	-	-	
	Overall Ceiling as per the Act	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
		Sysha Kumar Company Secretary w.e.f 14.08.2018	Arif Ahmad CFO till 14.06.2018	Vijay V CFO From 14.08.2018 to 22.12.2018	
1	Gross salary	8.07	1.90	3.83	13.80
	(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				-
	<b>Total</b>	<b>8.07</b>	<b>1.90</b>	<b>3.83</b>	<b>13.80</b>

## VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES : None

## Annexure B to the Directors Report

**Information required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for the financial year ended on March 31, 2019**

### 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.10.99lacs units of energy were consumed, costing Rs. 107.45 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 genset 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	2018-19	2017-18
i)	Capital Expenditure	NIL	NIL
ii)	Recurring Expenditure	3.39	3.35
	Total	3.39	3.35
	Total R&D as a percentage to turnover	0.10	0.11

### 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 which was generating the direct inflow of Foreign Exchange.

- 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 2018-19, Ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2018-19:

Sl. No.	Name of Directors/ KMP and Designation	% increase in remuneration in FY 2018-19	Ratio of remuneration of Director to median remuneration of employees
1	Salil Taneja, Whole Time Director till 30.09.2018	NA	23.89
2	Muralidhar Chitteti Reddy Managing Director w.e.f 01.10.2018	NA	9.84
3	Sysha Kumar, Company Secretary w.e.f 14.08.2018	NA	NA
4	Vijay V, Chief Financial Officer (from 14.08.2018 to 22.12.2018)	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, there is no change in median remuneration of employees.
- 3) The number of permanent employees on the rolls of the company as on March 31, 2019 is 151.
- 4) There was marginal increase in the salaries of employees other than the managerial personnel and managerial personnel in the last financial year.
- 5) It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

# Taneja Aerospace and Aviation Limited

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## Annexure D to the Directors Report

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019

*[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 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019, 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 31<sup>st</sup> March 2019, 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 31<sup>st</sup> March 2019 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

Adequate notice is given to all directors about Board Meetings held during the year, 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:

Company had received a SEBI Show Cause Notice inter alia alleging inadequate disclosures under Clause 36 of the erstwhile Listing Agreement. After hearing SEBI passed an order dated 21.02.2019 imposing penalty on the Company and the concerned directors and the same was paid on 27.03.2019.

**FOR DVD & ASSOCIATES  
COMPANY SECRETARIES**

**Devendra Deshpande**  
**FCS No. 6099**  
**CP No. 6515**

**PLACE: PUNE**  
**DATE: 28.05.2019**

**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**

**DEVENDRA DESHPANDE**  
**FCS No. 6099**  
**CP No. 6515**

**PLACE : PUNE**  
**DATE : 28.05.2019**

# Taneja Aerospace and Aviation Limited

## 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	
1	Katra Auto Engineering Pvt. Ltd.	-	5.00	643.92	649.62	0.70	0.00	0.00	(0.14)	0.00	(0.14)	Nil

\* 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
1	Katra Auto Engineering Pvt. Ltd.

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 of  
Taneja Aerospace and Aviation Limited  
CIN: L62200TZ1988PLC014460

**Muralidhar C Reddy**  
Managing Director  
DIN : 01621083

**Salil Taneja**  
Director  
DIN : 00328668

**Mahendra Nalluri**  
Chief Financial Officer

**Syscha Kumar**  
Company Secretary

Bengaluru, May 28, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Members of **Taneja Aerospace and Aviation Limited**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Taneja Aerospace and Aviation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to the following matter in the Notes to the standalone financial statements:

- i. Note 48 which states that 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 licenses 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 Reports for the year ended on or after March 31, 2017.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter (Risk)	How Was the Key Audit Matter Addressed in the Audit
<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</b></p> <p>Refer the disclosures related to revenue recognition in Note 28 to the accompanying Financial Statements.</p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains additional qualitative disclosures.</p> <p>Further, recognition of revenues in respect of fixed price contracts involves critical estimates of percentage of completion of contract towards satisfaction of performance obligations. Due to the significance of the judgement and estimate involved by the management, we have considered this as a key audit matter.</p>	<p>Our Audit Procedures in respect of this area included:</p> <ol style="list-style-type: none"> <li>1. Evaluated the Company's process to identify the impact of adoption of the new revenue accounting standard.</li> <li>2. Performed the following procedures on test check basis for the samples selected: <ul style="list-style-type: none"> <li>• Reviewed, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Company.</li> <li>• Considered the terms of the contracts to verify the transaction price used to compute revenue.</li> <li>• In respect of fixed price contracts, verified progress towards satisfaction of performance obligation used to compute recorded revenue based on the percentage of completion method using the technical estimates of management of stage of work completion.</li> <li>• Verified revenues disaggregated by type and service offerings with the performance obligations specified in the underlying contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul> </li> </ol>



# Taneja Aerospace and Aviation Limited

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report and Management Report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) Except for the effects of the matter described in Annexure C - Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, 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 Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”.
- (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 financial statements – Refer Note 46 to the standalone 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.
- 3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

Deepak Rao  
Partner  
Membership No. 113292

Place: Bengaluru  
Date: May 28, 2019

# Taneja Aerospace and Aviation Limited

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

Deepak Rao  
Partner  
Membership No. 113292

Place: Bengaluru  
Date: May 28, 2019

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANEJA AEROSPACE AND AVIATION LIMITED FOR THE YEAR ENDED MARCH 31, 2019.

[Referred to in paragraph 1 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 (Property, Plant and Equipment).
- (b) All the fixed assets (Property, Plant and Equipment) 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 has been physically verified by the management during the year. In respect of inventory lying with third parties, these were not substantially 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 one Company 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 we 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, 2019 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, goods and service tax, duty of customs, cess and any other statutory dues have not been regularly deposited with the appropriate authorities and there has been a delay in few cases.  
  
However, no undisputed statutory dues were in arrears, as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, 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	2007-08	CESTAT
Finance Act, 1994	Service tax	124.37	2008-09 to 2012-13	CESTAT
Central Excise Act, 1944	Excise duty	76.24*	2008-09 to 2011-12	CESTAT
Central Excise Act, 1944	Excise duty	21.36*	2012-13	CESTAT
Central Excise Act, 1944	Excise duty	53.19*	2013-14 to 2014-15	CESTAT
Central Excise Act, 1944	Excise duty	6.93*	2013-14	CESTAT

\*Net of amount paid under protest Rs. 11.38 lakhs

# Taneja Aerospace and Aviation Limited

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- 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**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

Deepak Rao  
Partner  
Membership No. 113292

Place: Bengaluru  
Date: May 28, 2019

## ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANEJA AEROSPACE AND AVIATION LIMITED

[Referred to in paragraph 2(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 with reference to financial statements of Taneja Aerospace and Aviation Limited ("the Company") as of March 31, 2019 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 with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements of the Company.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with regards to the Company at March 31, 2019 were not made available to us to enable us to determine if the Company has established internal financial control with reference to financial statements of the Company and whether such internal financial controls were operating effectively as at March 31, 2019.

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**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

Deepak Rao  
Partner  
Membership No. 113292

Place: Bengaluru  
Date: May 28, 2019

# Taneja Aerospace and Aviation Limited

## Balance Sheet as at March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	9,853.98	10,063.73
Capital work-in-progress	5	-	1.08
Investment property	6	1,175.45	1,222.27
Financial assets			
Investments	7	651.05	651.05
Deferred tax asset (net)	8	-	134.69
Other non-current assets	9	242.96	255.83
<b>Total Non-current assets</b>		<b>11,923.44</b>	<b>12,328.65</b>
<b>Current assets</b>			
Inventories	10	310.33	487.40
Financial assets			
Investments	7	57.11	-
Trade receivables	11	735.48	425.32
Cash and cash equivalents	12	381.68	514.72
Bank balances other than cash and cash equivalents	13	92.11	89.26
Loans	14	25.90	139.56
Current tax assets (net)	15	399.76	371.91
Other current assets	16	130.90	291.43
<b>Total Current assets</b>		<b>2,133.27</b>	<b>2,319.60</b>
<b>Total Assets</b>		<b>14,056.71</b>	<b>14,648.25</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	1,246.54	1,246.54
Other equity	18	8,005.80	7,532.82
<b>Total Equity</b>		<b>9,252.34</b>	<b>8,779.36</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	19	1,625.36	2,517.02
Other financial liabilities	20	145.53	128.36
Provisions	21	157.70	202.13
Other non-current liabilities	23	455.18	490.93
<b>Total Non-current liabilities</b>		<b>2,383.77</b>	<b>3,338.44</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	24	592.49	293.71
Trade payables	25	276.32	472.15
Other financial liabilities	26	1,119.42	1,412.25
Other current liabilities	27	414.00	344.46
Provisions	21	18.37	7.84
Current tax liabilities (net)	22	-	0.04
<b>Total Current liabilities</b>		<b>2,420.60</b>	<b>2,530.45</b>
<b>Total Liabilities</b>		<b>4,804.37</b>	<b>5,868.89</b>
<b>Total Equity and liabilities</b>		<b>14,056.71</b>	<b>14,648.25</b>

Summary of significant accounting policies (Refer note 2)

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

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration No. 105047W

Deepak Rao

Partner

Membership No. 113292

Place: Bengaluru

Date: May 28, 2019

For and on behalf of the Board of Directors of

Taneja Aerospace and Aviation Limited

CIN: L62200TZ1988PLC014460

Muralidhar C Reddy

Managing Director

DIN : 01621083

Place: Bengaluru

Date: May 28, 2019

Salil Taneja

Director

DIN : 00328668

Mahendra Nalluri

Chief Financial Officer

Sysha Kumar

Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
<b>Income</b>			
Revenue from operations	28	3,272.86	3,150.96
Other income	29	60.27	95.79
<b>Total Income</b>		<b>3,333.13</b>	<b>3,246.75</b>
<b>Expenses</b>			
Cost of materials consumed	30	316.28	632.22
Other direct costs		66.44	93.87
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	47.03	(20.49)
Excise duty		-	0.46
Employee benefits expense	32	855.63	972.83
Finance costs	33	493.18	501.15
Depreciation and amortization expense	34	303.74	294.07
Other expenses	35	599.36	745.95
<b>Total Expenses</b>		<b>2,681.66</b>	<b>3,220.06</b>
<b>Profit / (Loss) before tax</b>		<b>651.47</b>	<b>26.69</b>
<b>Income tax expense:</b>	36		
Current tax		0.79	-
Deferred tax		134.69	11.69
<b>Total Income tax expense</b>		<b>135.48</b>	<b>11.69</b>
<b>Profit for the year</b>		<b>515.99</b>	<b>15.00</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Re-measurement gains / (losses) on defined benefit plans		7.65	13.75
Income tax effect		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>7.65</b>	<b>13.75</b>
<b>Total Comprehensive income for the year</b>		<b>523.64</b>	<b>28.75</b>
Earnings / (Loss) per share	37		
Basic earnings / (loss) per share (INR)		2.07	0.06
Diluted earnings / (loss) per share (INR)		2.07	0.06
<b>Summary of significant accounting policies (Refer note 2)</b>			
<b>The accompanying notes (2 -51) are an integral part of the financial statements</b>			

As per our report of even date

**For MSKA & Associates**

**Chartered Accountants**

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No. 113292

Place: Bengaluru

Date: May 28, 2019

**For and on behalf of the Board of Directors of**

**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Muralidhar C Reddy**

Managing Director

DIN : 01621083

Place: Bengaluru

Date: May 28, 2019

**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Sysha Kumar**

Company Secretary



# Taneja Aerospace and Aviation Limited

## Statement of Changes in Equity for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

### (A) Equity share capital

Particulars	As at		As at	
	March 31, 2019		March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares of INR 5 each issued, subscribed and fully paid up				
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	Securities premium reserve	Capital reserve	General reserve	Retained earnings	Total
Balance as at April 1, 2017	5,203.53	5.83	1,271.86	1,022.85	7,504.07
Profit for the year	-	-	-	15.00	15.00
Other comprehensive income for the year	-	-	-	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

Particulars	Securities premium reserve	Capital reserve	General reserve	Retained earnings	Total
Balance as at April 1, 2018	5,203.53	5.83	1,271.86	1,051.60	7,532.82
Adjustment pursuant to change in accounting policy (refer Note 47)				(50.66)	(50.66)
Profit for the year	-	-	-	515.99	515.99
Other comprehensive income for the year	-	-	-	7.65	7.65
Total Comprehensive income for the year	-	-	-	472.98	472.98
Balance as at March 31, 2019	5,203.53	5.83	1,271.86	1,524.58	8,005.80

### Summary of significant accounting policies (Refer note 2)

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

As per our report of even date

**For MSKA & 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 28, 2019

**Muralidhar C Reddy**

Managing Director

DIN : 01621083

Place: Bengaluru

Date: May 28, 2019

**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Sysha Kumar**

Company Secretary

## Statement of Cash flows for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Cash flow from operating activities</b>		
Profit before tax	651.47	26.69
Adjustments for:		
Depreciation and amortization expense	303.74	294.07
Finance costs	417.18	435.25
Gain on sale of investments	(5.09)	-
Gain on changes in fair value of investments	(2.02)	-
Provision for doubtful debts	3.96	63.00
Bad debts written off	6.63	-
Interest income	(38.27)	(20.58)
Decrease in revenue on account of change in accounting policy (refer Note 47)	40.81	-
Actuarial gain / loss on defined benefits plan	7.65	13.75
<b>Operating profit before working capital changes</b>	<b>1,386.06</b>	<b>812.18</b>
<b>Changes in working capital</b>		
(Decrease) / increase in trade payables, provisions and other liabilities	(471.60)	(77.87)
Decrease / (increase) in inventories	85.60	(80.03)
Decrease / (increase) in trade receivables and other assets	(156.07)	174.80
<b>Cash generated used in operations</b>	<b>843.99</b>	<b>829.08</b>
Income tax (paid) / refund (Net)	(28.68)	41.79
<b>Net cash flows used in operating activities (A)</b>	<b>815.31</b>	<b>870.86</b>
<b>Cash flow from investing activities</b>		
Payment for property, plant and equipment	(46.09)	(185.24)
Loan given to related parties	-	(18.06)
Loan re-paid by related parties	122.38	-
Purchase of investments in mutual funds	(200.00)	-
Proceeds from sales of investments in mutual funds	150.00	-
Interest received	38.27	25.23
<b>Net cash flow from investing activities (B)</b>	<b>64.56</b>	<b>(178.07)</b>
<b>Cash flow from financing activities</b>		
Addition / (Repayment) of non-current borrowings	(891.66)	564.65
Addition / (Repayment) of current borrowings	298.78	(597.47)
Interest paid	(417.18)	(435.25)
<b>Net cash flow from financing activities (C)</b>	<b>(1,010.06)</b>	<b>(468.07)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(130.19)</b>	<b>224.72</b>
Cash and cash equivalents at the beginning of the year	603.98	379.26
Cash and cash equivalents at the end of the year	473.79	603.98
<b>Cash and cash equivalents comprise (refer Note 12)</b>		
On current accounts	370.20	506.36
Fixed deposits with maturity of less than 3 months	11.31	8.24
Cash on hand	0.17	0.11
	381.68	514.72
<b>Bank balances other than cash and cash equivalents (refer Note 13)</b>		
Margin money or under lien deposits	92.11	89.26
<b>Total Cash and bank balances at end of the year</b>	<b>473.79</b>	<b>603.98</b>
<b>Summary of significant accounting policies (refer Note 2)</b>		
<b>The accompanying notes (2 -51) are an integral part of the financial statements</b>		

As per our report of even date

**For MSKA & 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

**Muralidhar C Reddy**  
Managing Director  
DIN : 01621083

**Salil Taneja**  
Director  
DIN : 00328668

**Mahendra Nalluri**  
Chief Financial Officer

**Syscha Kumar**  
Company Secretary

Place: Bengaluru  
Date: May 28, 2019

Place: Bengaluru  
Date: May 28, 2019

# Taneja Aerospace and Aviation Limited

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

### 1 General information

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

### 2 Significant accounting policies

Significant accounting policies adopted by the Company are as under:

#### 2.1 Basis of Preparation of Financial Statements

##### (a) Statement of Compliance with Ind AS

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

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

##### (b) Basis of measurement

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

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in normal operating cycle;
- ▶ It is held primarily for the purpose of trading;
- ▶ It is due to be settled within twelve months after the reporting period; or

- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

##### (c) Use of estimates

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

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

Refer Note 3 for detailed discussion on estimates and judgments.

#### 2.2 Property, plant and equipment

- a) Property, plant and equipment are stated at their original cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of property, plant and equipment comprises of its purchase price including duties, taxes, freight and any other directly attributable cost of bringing the asset to its working condition for its intended use. However, cost excludes indirect taxes wherever credit of the duty or tax is availed of.
- b) All indirect expenses incurred during acquisition / construction of property, plant and equipment including interest cost on funds deployed for the property, plant and equipment are treated as incidental expenditure and are capitalised for the period until the asset is ready for its intended use.
- c) Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.
- d) Subsequent expenditure relating to property, plant and equipment is capitalised only if such expenditure

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

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

- e) Considering the nature of business activity, Runway has been treated as Plant and Equipment and depreciation has been provided accordingly.
- f) Assets received on amalgamation are recorded at its fair value.
- g) Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of its corresponding asset, the component is depreciated over its shorter life.

### Depreciation methods, estimated useful lives

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

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

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

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

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

### 2.3 Investment properties

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

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

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

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

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

### 2.4 Foreign currency transactions

#### (a) Functional and presentation currency

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

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

#### (b) Transactions and balances

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

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

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-

# Taneja Aerospace and Aviation Limited

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

monetary items denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

### 2.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

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

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

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

### 2.6 Revenue recognition

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

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

Revenue from long-term fixed price, fixed time frame contracts where the performance obligations are satisfied

over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method and billed in terms of the agreement with and certification by the customer.

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

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

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

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

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

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

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

### Other Income

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



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

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

### 2.7 Taxes

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

#### (a) Current income tax

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

#### (b) Minimum Alternate Tax

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

#### (c) Deferred tax

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

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

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

expected to be paid to the tax authorities.

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

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

### 2.8 Leases

#### As a lessee

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

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

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

#### As a lessor

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

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



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

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

### 2.9 Inventories

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

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

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

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

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

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

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

### 2.10 Impairment of non-financial assets

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

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses

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

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

### 2.11 Provisions and contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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

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

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

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

### 2.12 Borrowing costs

Borrowing costs includes interest, amortization of ancillary

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

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

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

### 2.13 Cash and cash equivalents

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

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

### 2.14 Investment in subsidiary

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

- (a) at cost; or
- (b) in accordance with Ind AS 109.

Company accounts for its investment in subsidiary at cost.

### 2.15 Financial instruments

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

#### (a) Financial assets

##### (i) Initial recognition and measurement

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

##### (ii) Subsequent measurement

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

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

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

Amortized 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 amortized 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 amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is re-classified from equity to the Statement of Profit and Loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

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

##### (iii) Impairment of financial assets

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

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

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

increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-months ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

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

### Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for major clients. It is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the provision at the reporting date.

#### (iv) De-recognition of financial assets

A financial asset is de-recognised only when:

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

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

#### **(b) Financial liabilities**

##### (i) Initial recognition and measurement

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

All financial liabilities are recognised initially at fair

value and, in the case of borrowings and payables, net of directly attributable transaction costs.

##### (ii) Subsequent measurement

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

##### *Financial liabilities at fair value through profit or loss*

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

##### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are de-recognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

##### *Financial guarantee contracts*

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

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

##### (iii) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss as finance costs.

##### (c) Offsetting financial instruments

Financial assets and liabilities are offset and the net

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

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

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

### 2.16 Employee benefits

#### (a) Short-term obligations

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

#### (b) Defined contribution plan

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

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

#### (c) Defined benefit plans

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

#### (d) Other long-term employee benefits

*Compensated Absences:* Accumulated compensated absences, which are expected to be availed or encashed within twelve months from the end of the year are treated

as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

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

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

### 2.17 Earnings per share

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

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

### 2.18 Segment reporting

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

Thus, as defined in Ind AS 108 - Operating Segments, the Company's entire business falls under two operational segment and hence the necessary information has been



# Taneja Aerospace and Aviation Limited

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

disclosed in the Balance Sheet and the Statement of Profit and Loss.

### 2.19 Rounding off amounts

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

### 3 Significant accounting judgments, estimates and assumptions

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

#### 3.1 Estimates and assumptions

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

##### (a) Defined benefits and other long-term benefits

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

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

#### 4 Standards (including amendments) issued but not yet effective

The standards and interpretations that are issued, but not yet effective upto the date of issuance of the financial statements

are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

##### (a) Ind AS 116 - Leases

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

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

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

##### (b) Ind AS 12 - Income Taxes

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

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

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

##### (c) Ind AS 19 - Employee Benefits

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

The amendments require an entity:

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

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

## Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019 (All amounts in INR lakhs, unless otherwise stated)

### 5 Property, plant and equipment

#### 5.1 Financial Year 2018-19

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

#### 5.2 Financial Year 2017-18

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

#### 5.3 Capital work-in-progress

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

### 6 Investment properties

#### 6.1 Financial Year 2018-19

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

#### 6.2 Financial Year 2017-18

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

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



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

Statement of Profit and Loss for investment properties.

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

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

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

### 7 Financial assets - Investments

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

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

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

### 8 Deferred tax asset (net)

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

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

### 9 Other non-current assets

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 10 Inventories

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

### 11 Trade receivables

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

### 12 Cash and cash equivalents

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

### 13 Bank balances other than cash and cash equivalents

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

### 14 Current financial assets - Loans

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 15 Current tax assets (Net)

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

### 16 Other current assets

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

### 17 Equity share capital

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

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

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

#### (b) Rights, preferences and restrictions attached to shares

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

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

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

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

### 18 Other equity

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

### 19 Non-current borrowings

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

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

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

### 20 Other non-current financial liabilities

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

### 21 Provisions

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 22 Current tax liabilities (net)

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

### 23 Other non-current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred rent income	455.18	490.93
<b>Total Other non-current liabilities</b>	<b>455.18</b>	<b>490.93</b>

### 24 Current borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Working capital borrowings from banks	592.49	293.71
<b>Total Current borrowings</b>	<b>592.49</b>	<b>293.71</b>

#### Details of securities and other terms

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

### 25 Trade payables

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

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

### 26 Other current financial liabilities

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

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



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 27 Other current liabilities

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

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

### 28 Revenue from operations

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

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

#### Performance obligations and remaining performance obligations \*

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

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

### 29 Other income

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 30 Cost of raw materials consumed

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

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

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

### 32 Employee benefits expense

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

### 33 Finance costs

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

### 34 Depreciation and amortization expense

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 35 Other expenses

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

\* Includes printing and stationery expenses, security charges, communication expenses, sitting fees and miscellaneous expenses.  
The following is the break-up of Auditors remuneration (exclusive of taxes)

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

### 36 Income Tax

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 36 Income Tax (Contd...)

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

### 37 Earnings / (Loss) per share

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

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

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

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

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

### 38 Employee benefits

#### (A) Defined contribution plans

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### (B) Defined benefit plans

a) Gratuity payable to employees

#### i) Actuarial assumptions

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

#### ii) Changes in the present value of defined benefit obligation

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
<b>Present value of obligation at the beginning of the year</b>	<b>146.82</b>	129.53
Interest cost	10.31	9.25
Past service cost	-	5.95
Current service cost	12.07	17.95
Curtailements	(11.93)	-
Settlements	-	-
Benefits paid	(5.43)	(2.11)
Actuarial (gain) / loss on obligations	(7.65)	(13.75)
<b>Present value of obligation at the end of the year *</b>	<b>144.19</b>	146.82

\* Included in provision for employee benefits (Refer Note 21-(a)) Actuarial (gain) / loss on gratuity of INR (7.65 lakhs) for the year ended March 31, 2019 (March 31, 2018: INR (13.75 lakhs)) is included in other comprehensive income.

#### iii) Expenses recognised in the Statement of Profit and Loss

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

#### iv) Assets and liabilities recognised in the Balance Sheet

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

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

(All amounts in INR lakhs, unless otherwise stated)

v) **Expected contribution to the fund in the next year**

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
<b>Total amount</b>	<b>133.00</b>	<b>7.00</b>

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

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

vii) **Maturity profile of defined benefit obligation**

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

### 39 Leases

**Operating leases where Company is a lessor:**

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

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

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

### 40 Related party disclosures

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

<b>Ultimate Holding company (Effective from July 31, 2017)</b> Vishkul Leather Garments Private Limited
<b>Holding company (Effective from July 31, 2017)</b> Indian Seamless Enterprises Limited
<b>Subsidiary company</b> Katra Auto Engineering Private Limited



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

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

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 41 Segment reporting

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

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

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

- (i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.
- (ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under unallocable assets and liabilities.

#### Major customers

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

### 42 Fair values of financial assets and financial liabilities

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

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

### 43 Fair value hierarchy

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

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

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

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

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

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

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

### 44 Financial risk management objectives and policies

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### (A) Market risk

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

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

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

#### *Interest rate sensitivity*

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

	Increase / decrease in basis points	Effect on profit before tax
<b><u>March 31, 2019</u></b>		
INR	+45	(14.07)
INR	-45	14.07
<b><u>March 31, 2018</u></b>		
INR	+45	(16.05)
INR	-45	16.05

#### (ii) Foreign currency risk

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

#### *Foreign currency sensitivity*

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

	Change in US\$ rate	Effect on profit before tax
<b><u>March 31, 2019</u></b>		
	+2.5%	(1.24)
	-2.50%	1.24
<b><u>March 31, 2018</u></b>		
	+2.5%	-
	-2.50%	-

### (B) Credit risk

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

### (C) Liquidity risk

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

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

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

### 45 Capital management

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

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

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

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



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

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

Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as debts:		
(i) Custom Duty	622.67	622.67
(ii) Service Tax	124.37	237.61
(iii) Excise Duty	168.40	231.80
(iv) City Civil Court	170.00	170.00
(i) This relates to customs duty demand received for the year 2007-08 of INR 622.67 lakhs (March 31, 2018: INR 622.67 lakhs) towards wilful misrepresentation and suppression of facts for private use of the aircraft which is disputed by the Company. The Company has filed an appeal against this order and the appeal is pending with the appellate authorities.		
(ii) This relates to services tax demands received of INR 124.37 lakhs (March 31, 2018: INR 124.37 lakhs) for the years 2008-09 to 2012-13 towards service tax liability on reverse charge basis for receipt of service of supply of tangible goods for use which are disputed by the Company. The Company has filed an appeal against these orders and the appeal is pending with the appellate authorities.		
(iii) This relates to various excise duty demands received towards manufacture and supply of goods without payment of duty of INR 80.24 lakhs (March 31, 2018: INR 80.24 lakhs) for the years 2008-09 to 2011-12, INR 23.73 lakhs (March 31, 2018: INR 23.73 lakhs) for the year 2012-13, INR 57.50 lakhs (March 31, 2018: INR 57.50 lakhs) for the years 2013-14 to 2014-15 and INR 6.93 lakhs (March 31, 2018: INR 6.93 lakhs) which are disputed by the Company. The Company has filed an appeal against these orders and the appeal is pending with the appellate authorities.		
(iv) This relates to damages claimed by a customer towards breach of contractual obligations of INR 170 lakhs (March 31, 2018: INR 170 lakhs) during the year 2005-06 which are disputed by the Company in the City Civil Court of Bangalore.		
Future cash outflows in respect of the above, if any, is determined only on receipt of judgment / decisions pending with relevant authorities. The Company does not expect the outcome of matters stated above to have a material adverse effect on the Company's financial condition, result of operations or cash flows.		

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

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

### 47 Change in accounting policy

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

- 48 As per Clause 9.2 of the Scheme of Arrangement as approved by honourable High Court of Madras, Taneja Aerospace and Aviation Limited (TAAL) will carry on the business and activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited (TEL) until the time TEL obtains the requisite statutory licences required for carrying on the demerged charter business. The said licences are yet to be obtained and accordingly the demerged charter business has continued to be operated by TAAL in trust for and on behalf of TEL including banking transactions, statutory compliances and all other commercial activities. Accordingly, the accounting entries pertaining to the demerged charter business are accounted in the books of account of TEL.
- 49 The Company considers its investment in and loan to subsidiary as strategic and long-term in nature and accordingly, in the view of the Management, any decline in the value of such long-term investment in subsidiary is considered as temporary in nature and hence no provision for diminution in value is considered necessary.
- 50 Deferred tax calculations result into deferred tax assets as at March 31, 2019 as well as at March 31, 2018. However, as a matter of prudence, the Company has not recognized deferred tax assets as it is not probable that the Company will have future taxable profits.
- 51 Previous year figures have been regrouped / reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date

**For MSKA & Associates**  
**Chartered Accountants**

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No. 113292

Place: Bengaluru

Date: May 28, 2019

**For and on behalf of the Board of Directors of**  
**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Muralidhar C Reddy**

Managing Director

DIN : 01621083

Place: Bengaluru

Date: May 28, 2019

**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Syscha Kumar**

Company Secretary

# Taneja Aerospace and Aviation Limited

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Taneja Aerospace and Aviation Limited Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Taneja Aerospace and Aviation Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated balance sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to the following matter in the Notes to the consolidated financial statements:

- i. Note 49 which states that the Holding 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 licenses 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 Reports for the year ended on or after March 31, 2017.

Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter (Risk)	How Was the Key Audit Matter Addressed in the Audit
<b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</b> Refer the disclosures related to revenue recognition in Note 28 to the accompanying consolidated financial statements. The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains additional qualitative disclosures.	Our Audit Procedures in respect of this area included: <ol style="list-style-type: none"> <li>1. Evaluated the Holding Company's process to identify the impact of adoption of the new revenue accounting standard.</li> <li>2. Performed the following procedures on test check basis for the samples selected: <ul style="list-style-type: none"> <li>• Reviewed, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Holding Company.</li> <li>• Considered the terms of the contracts to verify the transaction price used to compute revenue.</li> <li>• In respect of fixed price contracts, verified progress towards satisfaction of performance obligation used to compute recorded revenue based on the percentage of completion method using the technical estimates of management of stage of work completion.</li> </ul> </li> </ol>

Further, recognition of revenues in respect of fixed price contracts involves critical estimates of percentage of completion of contract towards satisfaction of performance obligations. Due to the significance of the judgement and estimate involved by the management, we have considered this as a key audit matter.	<ul style="list-style-type: none"> <li>• Verified revenues disaggregated by type and service offerings with the performance obligations specified in the underlying contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>
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## Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report and the Management Report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 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.

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

## Other Matter

We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of Rs. 649.62 lakhs as at March 31, 2019, total revenues of Rs. Nil and net cash flows amounting to Rs. 0.23 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by 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 this subsidiary and our report in terms of Sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

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

# Taneja Aerospace and Aviation Limited

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## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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. Except for the effects of the matter described in Annexure B - Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, 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 auditor.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity 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 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- 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 Auditor's) 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 47 to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.
2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company, to its directors is within the limits laid prescribed under Section 197 of the Act and the Rules thereunder. In our opinion, according to information, explanations given to us, the provisions of Section 197 of the Act and the Rules thereunder are not applicable to the subsidiary company as it is a private Rules.

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

Place: Bengaluru  
Date: May 28, 2019

Deepak Rao  
Partner  
Membership No. 113292



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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

**For MSKA & Associates**  
**Chartered Accountants**  
ICAI Firm Registration No. 105047W

Place: Bengaluru  
Date: May 28, 2019

Deepak Rao  
Partner  
Membership No. 113292



# Taneja Aerospace and Aviation Limited

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## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TANEJA AEROSPACE AND 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 and Aviation Limited on the Financial Statements for the year ended March 31, 2019]

### **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, 2019, we have audited the internal financial controls with reference to financial statements of Taneja Aerospace and Aviation Limited (hereinafter referred to as "the Holding Company") and its subsidiary company incorporated in India, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 with reference to financial statements of the Holding company and its subsidiary company 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 with reference to financial statements of the Holding company.

### **Meaning of Internal Financial Controls With reference to Financial Statements**

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with regards to the Holding company at March 31, 2019 were not made available to us to enable us to determine if the Holding company has established internal financial control with reference to financial statements of the Holding company and whether such internal financial controls were operating effectively as at March 31, 2019.

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 Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India whose report expressed an unmodified opinion.

**For MSKA & Associates**  
**Chartered Accountants**

ICAI Firm Registration No. 105047W

Place: Bengaluru	Deepak Rao
Date: May 28, 2019	Partner
	Membership No. 113292

# Taneja Aerospace and Aviation Limited

## Consolidated Balance Sheet as at March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	10,503.32	10,713.07
Capital work-in-progress	5	-	1.08
Investment property	6	1,175.45	1,222.27
Goodwill		0.78	0.78
Deferred tax asset (net)	8	-	134.69
Other non-current assets	9	242.46	255.58
<b>Total Non-current assets</b>		<b>11,922.01</b>	<b>12,327.47</b>
<b>Current assets</b>			
Inventories	10	310.33	487.40
Financial assets			
Investments	7	57.11	-
Trade receivables	11	735.48	425.32
Cash and cash equivalents	12	381.95	514.76
Bank balances other than cash and cash equivalents	13	92.10	89.26
Loans	14	25.90	139.56
Current tax assets (net)	15	399.76	371.91
Other current assets	16	130.90	291.43
<b>Total Current assets</b>		<b>2,133.53</b>	<b>2,319.64</b>
<b>Total Assets</b>		<b>14,055.54</b>	<b>14,647.11</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	17	1,246.54	1,246.54
Other equity	18	8,004.43	7,531.59
<b>Total Equity</b>		<b>9,250.97</b>	<b>8,778.13</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	19	1,625.36	2,517.02
Other financial liabilities	20	145.53	128.37
Provisions	21	157.70	202.13
Other non-current liabilities	23	455.18	490.93
<b>Total Non-current liabilities</b>		<b>2,383.77</b>	<b>3,338.45</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	24	592.49	293.71
Trade payables	25	276.32	472.15
Other financial liabilities	26	1,119.62	1,412.33
Other current liabilities	27	414.00	344.46
Provisions	21	18.37	7.84
Current tax liabilities (net)	22	-	0.04
<b>Total Current liabilities</b>		<b>2,420.80</b>	<b>2,530.53</b>
<b>Total Liabilities</b>		<b>4,804.57</b>	<b>5,868.98</b>
<b>Total Equity and Liabilities</b>		<b>14,055.54</b>	<b>14,647.11</b>
<b>Summary of significant accounting policies (Refer note 2)</b>			
<b>The accompanying notes (2 -52) are an integral part of the consolidated financial statements</b>			

As per our report of even date

**For MSKA & Associates**

**Chartered Accountants**

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No. 113292

Place: Bengaluru

Date: May 28, 2019

**For and on behalf of the Board of Directors of**

**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Muralidhar C Reddy**

Managing Director

DIN : 01621083

Place: Bengaluru

Date: May 28, 2019

**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Sysha Kumar**

Company Secretary

## Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2019	Year ended March 31, 2018
<b>Income</b>			
Revenue from operations	28	3,272.86	3,150.96
Other income	29	60.27	95.79
<b>Total Income</b>		<b>3,333.13</b>	<b>3,246.75</b>
<b>Expenses</b>			
Cost of materials consumed	30	316.28	632.22
Other direct costs		66.44	93.87
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	47.03	(20.49)
Excise duty		-	0.46
Employee benefits expense	32	855.63	972.83
Finance costs	33	493.20	501.20
Depreciation and amortization expense	34	303.74	294.07
Other expenses	35	599.48	746.03
<b>Total Expenses</b>		<b>2,681.80</b>	<b>3,220.19</b>
<b>Profit / (Loss) before tax</b>		<b>651.33</b>	<b>26.56</b>
<b>Income tax expense:</b>	36		
Current tax		0.79	-
Deferred tax		134.69	11.69
<b>Total Income tax expense</b>		<b>135.48</b>	<b>11.69</b>
<b>Profit for the year</b>		<b>515.85</b>	<b>14.87</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Re-measurement gains / (losses) on defined benefit plans		7.65	13.75
Income tax effect		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>7.65</b>	<b>13.75</b>
<b>Total Comprehensive income for the year</b>		<b>523.50</b>	<b>28.62</b>
Earnings / (Loss) per share	37		
Basic earnings / (loss) per share (INR)		2.07	0.06
Diluted earnings / (loss) per share (INR)		2.07	0.06
<b>Summary of significant accounting policies (Refer note 2)</b>			
<b>The accompanying notes (2 -52) are an integral part of the consolidated financial statements</b>			

As per our report of even date

**For MSKA & Associates**  
**Chartered Accountants**

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No. 113292

Place: Bengaluru

Date: May 28, 2019

**For and on behalf of the Board of Directors of**  
**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Muralidhar C Reddy**

Managing Director

DIN : 01621083

Place: Bengaluru

Date: May 28, 2019

**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Sysha Kumar**

Company Secretary

# Taneja Aerospace and Aviation Limited

## Consolidated Statement of Changes in Equity for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

### (A) Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares of INR 5 each issued, subscribed and fully paid up				
Opening	24,930,736	1,246.54	24,930,736	1,246.54
Add: issue during the year	-	-	-	-
Closing	24,930,736	1,246.54	24,930,736	1,246.54

### (B) Other equity

Particulars	Securities premium reserve	Capital reserve	General reserve	Retained earnings	Total
Balance as at April 1, 2017	5,203.53	5.83	1,271.86	1,021.75	7,502.97
Profit for the year	-	-	-	14.87	14.87
Other comprehensive income for the year	-	-	-	13.75	13.75
Total Comprehensive income for the year	-	-	-	28.62	28.62
<b>Balance as at March 31, 2018</b>	<b>5,203.53</b>	<b>5.83</b>	<b>1,271.86</b>	<b>1,050.37</b>	<b>7,531.59</b>

Particulars	Securities premium reserve	Capital reserve	General reserve	Retained earnings	Total
Balance as at April 1, 2018	5,203.53	5.83	1,271.86	1,050.37	7,531.59
Adjustment pursuant to change in accounting policy (Refer Note 48)				(50.66)	(50.66)
Profit for the year	-	-	-	515.85	515.85
Other comprehensive income for the year	-	-	-	7.65	7.65
Total Comprehensive income for the year	-	-	-	472.84	472.84
<b>Balance as at March 31, 2019</b>	<b>5,203.53</b>	<b>5.83</b>	<b>1,271.86</b>	<b>1,523.21</b>	<b>8,004.43</b>

Summary of significant accounting policies (Refer note 2)

The accompanying notes (2 -52) are an integral part of the consolidated financial statements

As per our report of even date

**For MSKA & Associates**  
**Chartered Accountants**

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No. 113292

Place: Bengaluru

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**For and on behalf of the Board of Directors of**  
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Place: Bengaluru

Date: May 28, 2019

**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Syscha Kumar**

Company Secretary

## Consolidated Statement of Cash Flows for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Cash flow from Operating activities</b>		
Profit before tax	651.33	26.56
Adjustments for:		
Depreciation and amortization expense	303.74	294.07
Finance costs	417.18	435.25
Gain on sale of investments	(5.09)	-
Gain on changes in fair value of investments	(2.02)	-
Provision for doubtful debts	3.96	63.00
Bad debts written off	6.63	-
Interest income	(38.27)	(20.58)
Decrease in revenue on account of change in accounting policy (Refer Note 48)	40.81	-
Actuarial gain / (loss) on defined benefits plan	7.65	13.75
<b>Operating profit before working capital changes</b>	<b>1,385.92</b>	<b>812.06</b>
<b>Changes in working capital</b>		
(Decrease) / increase in trade payables, provisions and other liabilities	(471.48)	(77.89)
Decrease / (increase) in inventories	85.59	(80.03)
Decrease / (increase) in trade receivables and other assets	(155.82)	174.80
<b>Cash generated used in operations</b>	<b>844.21</b>	<b>828.94</b>
Income tax (paid) / refund (Net)	(28.69)	41.79
<b>Net cash flows used in operating activities (A)</b>	<b>815.52</b>	<b>870.73</b>
<b>Cash flow from Investing activities</b>		
Payment for property, plant and equipment	(46.09)	(184.99)
Loan given to related parties	-	(18.31)
Loan re-paid by related parties	122.38	-
Purchase of investments in mutual funds	(200.00)	-
Proceeds from sales of investments in mutual funds	150.00	-
Interest received	38.27	25.23
<b>Net cash flow from investing activities (B)</b>	<b>64.56</b>	<b>(178.07)</b>
<b>Cash flow from Financing activities</b>		
Addition / (Repayment) of non-current borrowings	(891.66)	564.65
Addition / (Repayment) of current borrowings	298.78	(597.47)
Interest paid	(417.18)	(435.25)
<b>Net cash flow from financing activities (C)</b>	<b>(1,010.06)</b>	<b>(468.07)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(129.97)</b>	<b>224.59</b>
Cash and cash equivalents at the beginning of the year	604.02	379.43
Cash and cash equivalents at the end of the year	474.05	604.02
<b>Cash and cash equivalents comprise (refer Note 12)</b>		
On current accounts	370.47	506.40
Fixed deposits with maturity of less than 3 months	11.31	8.24
Cash on hand	0.17	0.11
	381.95	514.76
<b>Bank balances other than cash and cash equivalents (refer Note 13)</b>		
Margin money or under lien deposits	92.10	89.26
<b>Total Cash and bank balances at end of the year</b>	<b>474.05</b>	<b>604.02</b>
<b>Summary of significant accounting policies (Refer Note 2)</b>		
<b>The accompanying notes (2-52) are an integral part of the consolidated financial statements</b>		

As per our report of even date

**For MSKA & Associates**  
**Chartered Accountants**

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No. 113292

Place: Bengaluru

Date: May 28, 2019

**For and on behalf of the Board of Directors of**  
**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Muralidhar C Reddy**

Managing Director

DIN : 01621083

Place: Bengaluru

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**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Sysha Kumar**

Company Secretary



# Taneja Aerospace and Aviation Limited

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

### 1 General information

Taneja Aerospace and 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.

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 Consolidated 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 amount of assets and liabilities as at the Consolidated Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Consolidated 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) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. 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);

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

- 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.

<b>Name of the Company</b>	Katra Auto Engineering Private Limited
<b>Relationship</b>	Direct Subsidiary
<b>Country of Incorporation</b>	India
<b>Ownership Interest held by the Parent</b>	As at March 31, 2019: 100% (March 31, 2018: 100%)
<b>Accounting Period</b>	April 1, 2018 - March 31, 2019 (April 1, 2017 - March 31, 2018)
<b>Audited / Unaudited</b>	Audited

# Taneja Aerospace and Aviation Limited

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

### 2.2 Business combination and goodwill

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 indirect taxes wherever credit of the duty or tax is availed of.
- b) All indirect expenses incurred during acquisition / construction of property, plant and equipment including interest cost on funds deployed for the property, plant and equipment are treated as incidental expenditure and are capitalised for the period until the asset is ready for its intended use.
- c) Advances paid towards the acquisition of property, plant and equipment outstanding at each Consolidated 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 its corresponding asset, the component is depreciated over its shorter life.

#### Depreciation methods, estimated useful lives

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

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

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

Property, plant and equipment	
Plant & Equipment	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

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

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.

### 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 the 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 Consolidated Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are re-stated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in

the Consolidated 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 Statement of Profit and Loss.

### 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.

# Taneja Aerospace and Aviation Limited

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

### 2.7 Revenue recognition

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

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

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

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

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

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

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

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

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

The impact of applying Ind AS 115 - "Revenue from Contracts with Customers" instead of the erstwhile Ind AS 18 - "Revenue", on the consolidated financials statements of the Group for the year ended as at March 31, 2019 is provided in Note 48.

### Other Income

Interest income is recognised on the basis of effective interest method as set out in Ind AS 109 - "Financial Instruments", and where no significant uncertainty as to measurability or collectability exists. The 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 Consolidated 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.



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

### (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 Consolidated 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 the 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 Consolidated 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 commission, legal fees and internal costs is recognised

immediately in the Consolidated Statement of Profit and Loss.

Leases of property, plant and equipment where Group, as lessee, has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated 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 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.

## 2.10 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



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

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.

### 2.11 Impairment of non-financial assets

Group assesses at each year end date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, 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 Consolidated 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 Consolidated 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").

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

Cash and cash equivalents includes deposits maintained

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

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 amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

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

Amortized 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 amortized 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 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 Consolidated Statement of Profit and Loss. When the financial asset is de-recognised,

the cumulative gain or loss previously recognised in OCI is re-classified from equity to the Consolidated 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 amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

##### (iii) Impairment of financial assets

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

For recognition of impairment loss on financial assets and risk exposure, Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-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 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

# Taneja Aerospace and Aviation Limited

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

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

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

## (b) Financial liabilities

### (i) Initial recognition and measurement

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

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

### (ii) Subsequent measurement

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

#### *Financial liabilities at fair value through profit or loss*

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

#### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the Consolidated Statement of Profit and Loss when the liabilities are de-recognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization

is included as finance costs in the Consolidated 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 amortization.

### (iii) De-recognition

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

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

### (b) Defined contribution plan

Group makes defined contribution to provident fund and superannuation fund, which are recognised as an expense in the Consolidated 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 Consolidated Statement of Profit and Loss.

### (c) 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.

### (d) Other long-term employee benefits

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

Accumulated compensated absences, which are expected to be availed or encashed beyond twelve months from the end of the year are treated as other long-term employee benefits. 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 Consolidated Statement of Profit and Loss in the year in which they arise.

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

### 2.17 Earnings per share

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

in ascertaining 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 Consolidated Balance Sheet and the Consolidated 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 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

# Taneja Aerospace and Aviation Limited

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

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 of 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. The Group intends to adopt these standards, if applicable, when they become effective.

#### (a) Ind AS 116 - Leases

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

that faithfully represents those transactions. The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019. The Group is currently evaluating the requirements of amendments. The Group believes that the adoption of this amendment will not have a material effect on consolidated financial statements.

#### (b) Ind AS 12 - Income Taxes

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

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

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

#### (c) Ind AS 19 - Employee Benefits

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

The amendments require an entity:

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

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



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

(All amounts in INR lakhs, unless otherwise stated)

### 5 Property, plant and equipment

#### 5.1 Financial Year 2018-19

	Gross block			Depreciation			Net block	
	As on April 1, 2018	Additions/ Adjustments	As at March 31, 2019	As on April 1, 2018	For the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
<b>Owned assets</b>								
Freehold Land	6,924.14	-	6,924.14	-	-	-	6,924.14	6,924.14
Buildings	460.60	3.69	464.29	36.83	18.42	55.25	409.04	423.77
Plant and Equipment	3,773.32	39.98	3,813.30	445.06	225.45	670.51	3,142.79	3,328.26
Furniture and fixtures	4.78	0.33	5.11	1.55	0.45	2.00	3.11	3.23
Office equipment	20.48	3.07	23.55	6.77	5.69	12.46	11.09	13.71
Computer - Hardware	12.97	0.10	13.07	7.53	2.55	10.08	2.99	5.44
Vehicles	20.97	-	20.97	6.45	4.36	10.81	10.16	14.52
<b>Total</b>	<b>11,217.26</b>	<b>47.17</b>	<b>11,264.43</b>	<b>504.19</b>	<b>256.92</b>	<b>761.11</b>	<b>10,503.32</b>	<b>10,713.07</b>

#### 5.2 Financial Year 2017-18

	Gross block			Depreciation			Net block	
	As on April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As on April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
<b>Owned assets</b>								
Freehold Land	6,924.14	-	6,924.14	-	-	-	6,924.14	6,924.14
Buildings	460.60	-	460.60	18.43	18.40	36.83	423.77	442.17
Plant and Equipment	3,622.78	150.54	3,773.32	229.61	215.45	445.06	3,328.26	3,393.17
Furniture and fixtures	4.78	-	4.78	0.89	0.66	1.55	3.23	3.89
Office equipment	10.22	10.26	20.48	2.97	3.80	6.77	13.71	7.25
Computer - Hardware	10.05	2.93	12.97	3.73	3.79	7.53	5.44	6.31
Vehicles	6.68	14.29	20.97	1.31	5.15	6.45	14.52	5.38
<b>Total</b>	<b>11,039.26</b>	<b>178.01</b>	<b>11,217.26</b>	<b>256.94</b>	<b>247.25</b>	<b>504.19</b>	<b>10,713.07</b>	<b>10,782.31</b>

#### 5.3 Capital work-in-progress

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

### 6 Investment properties

#### 6.1 Financial Year 2018-19

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

#### 6.2 Financial Year 2017-18

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

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



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

Loss for investment properties.

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

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

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

### 7 Financial assets - Investments

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
<b>Investments measured at Fair Value Through Profit and Loss (fully paid)</b>		
- Investments in Mutual Funds (Quoted) (Refer footnote i)	<b>57.11</b>	-

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

Particulars	Units as at March 31, 2019	As at March 31, 2019	Units as at March 31, 2018	As at March 31, 2018
Tata Liquid Fund Direct Plan- Growth	<b>7,041.20</b>	<b>57.11</b>	-	-

### 8 Deferred tax asset (net)

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

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

### 9 Other non-current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Capital advance to suppliers	<b>198.08</b>	205.47
Balance with revenue authorities	<b>44.38</b>	50.11
<b>Total Other non-current assets</b>	<b>242.46</b>	<b>255.58</b>

### 10 Inventories

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 11 Trade receivables

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

### 12 Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
<u>Balances with banks</u>		
On current accounts	370.47	506.40
Margin money deposits with banks (Less than 3 months maturity)	11.31	8.24
Cash on hand	0.17	0.11
<b>Total Cash and cash equivalents</b>	<u>381.95</u>	<u>514.76</u>

### 13 Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Margin money deposits with banks (More than 3 months maturity)	92.10	89.26
<b>Total Bank balances other than cash and cash equivalents</b>	<u>92.10</u>	<u>89.26</u>

### 14 Current financial assets - Loans

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

### 15 Current tax assets (Net)

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 16 Other current assets

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

### 17 Equity share capital

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

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

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

#### (b) Rights, preferences and restrictions attached to shares

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

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

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

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

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

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 18 Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(a) Capital reserve</b>		
Opening balance	5.83	5.83
Closing balance	5.83	5.83
<b>(b) Securities premium account</b>		
Opening balance	5,203.53	5,203.53
Closing balance	5,203.53	5,203.53
<b>(c) General reserve</b>		
Opening balance	1,271.86	1,271.86
Closing balance	1,271.86	1,271.86
<b>(d) Retained earnings</b>		
Opening balance	1,050.37	1,021.75
Change in accounting policy (refer Note 47)	(50.66)	-
Net Profit / (Net Loss) for the year	515.85	14.87
Re-measurement gains / (losses) on defined benefit plans	7.65	13.75
Closing balance	1,523.21	1,050.37
<b>Total Other equity</b>	<b>8,004.43</b>	<b>7,531.59</b>

### 19 Non-current borrowings

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

The term loan from bank outstanding as at March 31, 2019 amounting to INR 1,294.36 lakhs (March 31, 2018 : INR 1,763.44 lakhs) (including current maturities of non-current borrowings) is secured by a first charge on assignment of Hangar-1 rental / receivables from lessee and specific free hold lands to the extent of 37.47 acres (March 31, 2018 : 37.47 acres) of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu. Second pari-passu charge is created on other property, plant and equipment (both movable and immovable) of the Company along-with other consortium banks as a collateral security.

The term loan from bank outstanding as at March 31, 2019 amounting to INR 995.32 lakhs (March 31, 2018: INR 1,260.90 lakhs) (including current maturities of non-current borrowings) is secured by a first charge on assignment of Hangar-2 rental / receivables from lessee and specific free hold lands to the extent of 41.40 acres of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu as a collateral security.

The term loan from bank outstanding as at March 31, 2019 amounting to INR 237.50 lakhs (March 31, 2018: INR 250.00 lakhs) (including current maturities of non-current borrowings) is secured by a exclusive charge on plant & equipment to be procured under the facility & continuing security of specific free hold lands already mortgaged with bank as a collateral security.

The other non-current borrowing from banks outstanding as at March 31, 2019 amounting to INR 6.53 lakhs (March 31, 2018: INR 8.19 lakhs) (including current maturities of other non-current borrowings) is secured by the respective charge on motor vehicle.

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

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 20 Other non-current financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Deposit from lessee	139.78	122.62
Deposit from customers	5.75	5.75
<b>Total Other non-current financial liabilities</b>	<b>145.53</b>	<b>128.37</b>

### 21 Provisions

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

### 22 Current tax liabilities (net)

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

### 23 Other non-current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred rent income	455.18	490.93
<b>Total Other non-current liabilities</b>	<b>455.18</b>	<b>490.93</b>

### 24 Current borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
<b><u>Secured</u></b>		
Working capital borrowings from banks	592.49	293.71
<b>Total Current borrowings</b>	<b>592.49</b>	<b>293.71</b>

#### Details of securities and other terms

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 25 Trade payables

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

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

### 26 Other current financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of non-current borrowings	908.35	756.47
Expenses payables	131.71	469.87
Employee related liabilities #	79.56	102.33
Other payables	-	83.66
<b>Total Other current financial liabilities</b>	<b>1,119.62</b>	<b>1,412.33</b>

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

### 27 Other current liabilities

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

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



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 28 Revenue from operations

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

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

### Performance obligations and remaining performance obligations \*

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

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

### 29 Other income

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

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

### 30 Cost of raw materials consumed

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
<b>Inventories at the beginning of the year:</b>			
Opening work-in-progress		227.41	206.92
Less: Change in accounting policy (refer Note 48)		91.47	-
	(I)	135.94	206.92
<b>Inventories at the end of the year:</b>			
Closing work-in-progress		88.91	227.41
	(II)	88.91	227.41
<b>(Increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(I) - (II)</b>	<b>47.03</b>	<b>(20.49)</b>

### 32 Employee benefits expense

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

### 33 Finance costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on term loans	345.05	316.56
Interest on working capital	72.13	118.69
Other finance costs	76.02	65.96
<b>Total Finance costs</b>	<b>493.20</b>	<b>501.20</b>

### 34 Depreciation and amortization expense

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 35 Other expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Repairs and maintenance - Plant & Equipment	28.68	31.62
Power and fuel	80.37	78.57
Repairs and maintenance - Buildings	2.09	4.80
Repairs and maintenance - Others	31.05	21.39
Selling expenses	8.99	20.74
Rent	12.96	2.58
Rates and taxes	60.92	39.55
Insurance	14.20	13.63
Traveling & conveyance	48.28	86.68
Vendor charges	23.27	9.31
Provision for doubtful debts	3.96	62.67
Bad debts written off	6.63	-
Office & other administrative expenses*	51.45	66.60
Legal, professional & consultancy charges	216.80	299.04
Auditors remuneration	9.82	8.83
<b>Total Operational and other expenses</b>	<b>599.48</b>	<b>746.03</b>

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

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>As auditor:</b>		
- Statutory audit	3.37	2.58
<b>In other capacity:</b>		
- Limited Review	4.50	4.50
- Re-imbursement of expenses	1.95	1.75
<b>Total</b>	<b>9.82</b>	<b>8.83</b>

### 36 Income Tax

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

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

(All amounts in INR lakhs, unless otherwise stated)

### 36 Income Tax (Contd...)

(C) <b>The reconciliation of tax expense and the accounting profit multiplied by India's tax rate :</b>		
Tax expenses as per the Consolidated Statement of Profit and Loss		
Current tax	0.79	-
Deferred tax	134.69	11.69
<b>Total</b>	<b>135.48</b>	<b>11.69</b>
 <b>Profit from continuing operations before income-tax expense</b>	 <b>651.33</b>	 <b>26.69</b>
<b>Tax Rate</b>	<b>31.20%</b>	<b>30.90%</b>
<b>Tax computed using statutory tax rate</b>	<b>203.21</b>	<b>8.21</b>
<u>Tax effect of:</u>		
Utilisation of carry forward losses	(201.64)	(8.21)
MAT credit written off	134.69	11.69
Effect of change in tax rates	(0.79)	-
<b>Income-tax expense</b>	<b>135.48</b>	<b>11.69</b>

### 37 Earnings / (Loss) per share

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

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

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

Particulars	March 31, 2019	March 31, 2018
Profit / (Loss) attributable to equity shareholders of the Company	515.85	14.87
Weighted average number of equity shares for basic EPS	249,30,736	249,30,736
Basic - Earnings / (loss) per share (INR)	2.07	0.06
Diluted - Earnings / (loss) per share (INR)	2.07	0.06

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

### 38 Employee benefits

#### (A) Defined contribution plans

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### (B) Defined benefit plans

a) Gratuity payable to employees

#### i) Actuarial assumptions

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

#### ii) Changes in the present value of defined benefit obligation

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
<b>Present value of obligation at the beginning of the year</b>	<b>146.82</b>	129.53
Interest cost	10.31	9.25
Past service cost	-	5.95
Current service cost	12.07	17.95
Curtailments	(11.93)	-
Settlements	-	-
Benefits paid	(5.43)	(2.11)
Actuarial (gain) / loss on obligations	(7.65)	(13.75)
<b>Present value of obligation at the end of the year *</b>	<b>144.19</b>	146.82

\* Included in provision for employee benefits (Refer Note 21-(a)) Actuarial (gain) / loss on gratuity of INR (7.65 lakhs) for the year ended March 31, 2019 (March 31, 2018: INR (13.75 lakhs)) is included in other comprehensive income.

#### iii) Expenses recognised in the Consolidated Statement of Profit and Loss

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

#### iv) Assets and liabilities recognised in the Consolidated Balance Sheet

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

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

(All amounts in INR lakhs, unless otherwise stated)

**v) Expected contribution to the fund in the next year**

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
<b>Total amount</b>	<b>133.00</b>	<b>7.00</b>

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

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

**vii) Maturity profile of defined benefit obligation**

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

### 39 Leases

**Operating leases where Company is a lessor:**

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

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

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

### 40 Related party disclosures

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

<b>Ultimate Holding company (Effective from July 31, 2017)</b>
Vishkul Leather Garments Private Limited
<b>Holding company (Effective from July 31, 2017)</b>
Indian Seamless Enterprises Limited



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

<b>Entities under common control</b>
ISMT Limited
Laurus Tradecon Private Limited (Formerly known as Lighto Technologies Private Limited)
TAAL Enterprises Limited
TAAL Tech India Private Limited
First Airways Inc.
<b>Key Management Personnel (KMP)</b>
Mr. Salil Taneja (Whole Time Director upto September 30, 2018)
Mr. Muralidhar Chitteti Reddy (Managing Director from October 01, 2018)
<b>Non whole-time director</b>
Mr. C S Kameswaran (upto February 06, 2018)
Mr. R Poornalingam (upto September 27, 2017)
Mr. Rakesh Surie (upto September 27, 2017)
Mr. Nirmal Chandra (upto September 27, 2017)
Dr. Prahlada Ramarao (from December 2, 2017)
Mr. Muralidhar Chitteti Reddy (from December 2, 2017 upto September 30, 2018)
Mrs. Rahael Shobhana Joseph (from December 14, 2017)
Mrs. Arvind Nanda (from August 14, 2018)
Mr. Salil Taneja (from October 1, 2018)

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

	Particulars	March 31, 2019	March 31, 2018
(i)	<b>Entities under common control</b>		
	<b>Loans taken from related parties during the year</b>		
	- TAAL Enterprises Limited	150.00	-
	- TAAL Tech India Private Limited	50.00	25.00
	<b>Loan re-paid to related parties during the year</b>		
	- TAAL Enterprises Limited	150.00	-
	- TAAL Tech India Private Limited	50.00	25.00
	<b>Loans given to related parties during the year</b>	-	-
	<b>Loan re-paid by related parties during the year</b>		
	- ISMT Limited (including interest of INR 8.02 lakhs)	108.02	-
	- TAAL Tech India Private Limited	14.36	-
	<b>Sale of trading goods</b>		
	- First Airways, Inc.	28.00	288.43
	<b>Purchase of traded goods</b>		
	- ISMT Limited	30.09	277.30

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

(All amounts in INR lakhs, unless otherwise stated)

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

# 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.

### 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.

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

Particulars	Aviation	Trading of Goods	Total 2018-19	Aviation	Trading of Goods	Total 2017-18
<b>a. Segment revenue</b>						
Segmental revenue from :						
External sales and services (including other income)	3,305.13	28.00	3,333.13	2,958.32	288.43	3,246.75
<b>Total Segment revenue</b>	<b>3,305.13</b>	<b>28.00</b>	<b>3,333.13</b>	<b>2,958.32</b>	<b>288.43</b>	<b>3,246.75</b>
<b>b. Segment result</b>						
Operating Profit / (Loss)	653.41	(2.08)	651.33	(5.55)	32.11	26.56
<b>Profit / (Loss) before tax</b>	<b>653.41</b>	<b>(2.08)</b>	<b>651.33</b>	<b>(5.55)</b>	<b>32.11</b>	<b>26.56</b>
Less: Tax (benefit) / expense	-	-	135.48	-	-	11.69
<b>Profit / (Loss) for the Year</b>	<b>653.41</b>	<b>(2.08)</b>	<b>515.85</b>	<b>(5.55)</b>	<b>32.11</b>	<b>14.87</b>
<b>c. Other information</b>						
Segment assets	13,547.78	108.00	13,655.78	13,960.36	180.15	14,140.51
Unallocable assets	-	-	399.76	-	-	506.60
<b>Total Assets</b>	<b>13,547.78</b>	<b>108.00</b>	<b>14,055.54</b>	<b>13,960.36</b>	<b>180.15</b>	<b>14,647.11</b>
Segment liabilities	4,804.57	-	4,804.57	5,621.38	247.56	5,868.94
Unallocable liabilities	-	-	-	-	-	0.04
<b>Total Liabilities</b>	<b>4,804.57</b>	<b>-</b>	<b>4,804.57</b>	<b>5,621.38</b>	<b>247.56</b>	<b>5,868.98</b>
<b>Capital employed</b>	<b>8,743.21</b>	<b>108.00</b>	<b>9,250.97</b>	<b>8,338.98</b>	<b>(67.41)</b>	<b>8,778.13</b>
<b>d. Cost incurred for :</b>						
- Acquired assets	47.17	-	47.17	178.01	-	178.01
- Depreciation	303.74	-	303.74	294.07	-	294.07

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

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under unallocable assets and liabilities.

### Major customers

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

### 42 Fair values of financial assets and financial liabilities

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

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

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

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

(All amounts in INR 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, 2019	March 31, 2018
<b>Level 1 (Quoted price in active markets)</b>		
Investments at fair value through profit and loss	57.11	-
<b>Level 2</b>	Nil	Nil
<b>Level 3</b>		
<u>Financial assets measured at amortized cost</u>		
Trade receivables	735.48	425.32
Cash and cash equivalents	381.95	514.76
Bank balances other than cash and cash equivalents	92.10	89.26
Loans	25.90	139.56
<u>Financial liabilities measured at amortized cost</u>		
Borrowings	3,126.20	3,567.20
Trade payables	276.32	472.15
Other financial liabilities	356.80	784.23
<u>Financial assets and liabilities measured at amortized cost for which fair values are disclosed</u>		
Deposit from lessee	139.78	122.61

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

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

### 44 Financial risk management objectives and policies

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

#### (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.

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### (i) Interest-rate risk

Interest-rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

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

#### *Interest-rate sensitivity*

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

	Increase / decrease in basis points	Effect on profit before tax
<b><u>March 31, 2019</u></b>		
INR	+45	(14.07)
INR	-45	14.07
<b><u>March 31, 2018</u></b>		
INR	+45	(16.05)
INR	-45	16.05

### (ii) Foreign currency risk

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

#### *Foreign currency sensitivity*

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

	Change in US\$ rate	Effect on profit before tax
<b><u>March 31, 2019</u></b>		
	+2.5%	(1.24)
	-2.50%	1.24
<b><u>March 31, 2018</u></b>		
	+2.5%	-
	-2.50%	-

### (B) Credit risk

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

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

(All amounts in INR lakhs, unless otherwise stated)

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

### (C) Liquidity risk

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

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

Particulars	less than 12 months	1 to 4 years	More than 4 years	Total
<b><u>March 31, 2019</u></b>				
Short-term borrowings	592.49	-	-	592.49
Long-term borrowings	908.35	1,581.45	43.91	2,533.71
Trade payables	276.32	-	-	276.32
Other financial liabilities	356.80	-	-	356.80
	<u>2,133.96</u>	<u>1,581.45</u>	<u>43.91</u>	<u>3,759.32</u>
<b><u>March 31, 2018</u></b>				
Short-term borrowings	293.71	-	-	293.71
Long-term borrowings	756.47	2,444.54	72.48	3,273.49
Trade payables	472.15	-	-	472.15
Other financial liabilities	784.23	-	-	784.23
	<u>2,306.56</u>	<u>2,444.54</u>	<u>72.48</u>	<u>4,823.58</u>

### 45 Capital management

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

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

Particulars	March 31, 2019	March 31, 2018
Total Equity (a)	9,250.57	8,778.13
Total Debt (b)	3,126.20	3,567.20
Overall financing (c = a + b)	12,377.17	12,345.33
Gearing ratio (d = b/c)	0.25	0.29

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



# Taneja Aerospace and Aviation Limited

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

(All amounts in INR 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, 2019		As at March 31, 2018	
	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
<b>Parent Company</b>				
Taneja Aerospace and Aviation Limited	92.98%	8,601.80	92.61%	8,129.08
<b>Indian Subsidiary</b>				
<b>Direct Subsidiary</b>				
Katra Auto Engineering Private Limited	7.02%	649.17	7.39%	649.05
<b>TOTAL</b>	<b>100%</b>	<b>9,250.97</b>	<b>100%</b>	<b>8,778.13</b>

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, 2019 and March 31, 2018.

#### (ii) Share in profit or loss

Name of the Company	As at March 31, 2019		As at March 31, 2018	
	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)
<b>Parent Company</b>				
Taneja Aerospace and Aviation Limited	100.03%	515.99	100.88%	15.00
<b>Indian Subsidiary</b>				
<b>Direct Subsidiary</b>				
Katra Auto Engineering Private Limited	-0.03%	(0.14)	-0.88%	(0.13)
<b>TOTAL</b>	<b>100%</b>	<b>515.85</b>	<b>100%</b>	<b>14.87</b>

Note: The above figures are stated at net values after eliminating intra-group transactions for the financial year ended March 31, 2019 and March 31, 2018.

#### (iii) Share in Other Comprehensive Income

Name of the Company	As at March 31, 2019		As at March 31, 2018	
	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Other Comprehensive Income	Amount
<b>Parent Company</b>				
Taneja Aerospace and Aviation Limited	100%	7.65	100%	13.75
<b>Indian Subsidiary</b>				
<b>Direct Subsidiary</b>				
Katra Auto Engineering Private Limited	-	-	-	-
<b>TOTAL</b>	<b>100%</b>	<b>7.65</b>	<b>100%</b>	<b>13.75</b>

Note: The above figures are stated at net values after eliminating intra-group transactions for the financial year ended March 31, 2019 and March 31, 2018.

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

(All amounts in INR lakhs, unless otherwise stated)

### (iv) Share in Total Comprehensive Income

Name of the Company	As at March 31, 2019		As at March 31, 2018	
	As % of Total Other Comprehensive Income	Amount	As % of Total Other Comprehensive Income	Amount
<b>Parent Company</b>				
Taneja Aerospace and Aviation Limited	100.03%	523.64	100.46%	28.75
<b>Indian Subsidiary</b>				
<b>Direct Subsidiary</b>				
Katra Auto Engineering Private Limited	-0.03%	(0.14)	-0.46%	(0.13)
<b>TOTAL</b>	<b>100%</b>	<b>523.50</b>	<b>100%</b>	<b>28.62</b>

Note: The above figures are stated at net values after eliminating intra-group transactions for the financial year ended March 31, 2019 and March 31, 2018.

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

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Custom Duty	622.67	622.67
(ii) Service Tax	124.37	237.61
(iii) Excise Duty	168.40	231.80
(iv) City Civil Court	170.00	170.00

- (i) This relates to customs duty demand received for the year 2007-08 of INR 622.67 lakhs (March 31, 2018: INR 622.67 lakhs) towards wilful misrepresentation and suppression of facts for private use of the aircraft which is disputed by the Company. The Company has filed an appeal against this order and the appeal is pending with the appellate authorities.
- (ii) This relates to services tax demands received of INR 124.37 lakhs (March 31, 2018: INR 124.37 lakhs) for the years 2008-09 to 2012-13 towards service tax liability on reverse charge basis for receipt of service of supply of tangible goods for use which are disputed by the Company. The Company has filed an appeal against these orders and the appeal is pending with the appellate authorities.
- (iii) This relates to various excise duty demands received towards manufacture and supply of goods without payment of duty of INR 80.24 lakhs (March 31, 2018: INR 80.24 lakhs) for the years 2008-09 to 2011-12, INR 23.73 lakhs (March 31, 2018: INR 23.73 lakhs) for the year 2012-13, INR 57.50 lakhs (March 31, 2018: INR 57.50 lakhs) for the years 2013-14 to 2014-15 and INR 6.93 lakhs (March 31, 2018: INR 6.93 lakhs) which are disputed by the Company. The Company has filed an appeal against these orders and the appeal is pending with the appellate authorities.
- (iv) This relates to damages claimed by a customer towards breach of contractual obligations of INR 170 lakhs (March 31, 2018: INR 170 lakhs) during the year 2005-06 which are disputed by the Company in the City Civil Court of Bangalore.

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

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

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

# Taneja Aerospace and Aviation Limited

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

(All amounts in INR lakhs, unless otherwise stated)

### 48 Change in accounting policy

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

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

- 49 As per Clause 9.2 of the Scheme of Arrangement as approved by honourable High Court of Madras, Taneja Aerospace and Aviation Limited (TAAL) will carry on the business and activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited (TEL) until the time TEL obtains the requisite statutory licences required for carrying on the demerged charter business. The said licences are yet to be obtained and accordingly the demerged charter business has continued to be operated by TAAL in trust for and on behalf of TEL including banking transactions, statutory compliances and all other commercial activities. Accordingly, the accounting entries pertaining to the demerged charter business are accounted in the books of account of TEL.
- 50 The Company considers its investment in and loan to subsidiary as strategic and long-term in nature and accordingly, in the view of the management, any decline in the value of such long-term investment in subsidiary is considered as temporary in nature and hence no provision for diminution in value is considered necessary.
- 51 Deferred tax calculations result into deferred tax assets as at March 31, 2019 as well as at March 31, 2018. However, as a matter of prudence, the Company has not recognised deferred tax assets as it is not probable that the Company will have future taxable profits.
- 52 Previous year figures have been re-grouped / re-classified to confirm presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date

**For MSKA & Associates**

**Chartered Accountants**

Firm Registration No. 105047W

**Deepak Rao**

Partner

Membership No. 113292

Place: Bengaluru

Date: May 28, 2019

**For and on behalf of the Board of Directors of**

**Taneja Aerospace and Aviation Limited**

CIN: L62200TZ1988PLC014460

**Muralidhar C Reddy**

Managing Director

DIN : 01621083

Place: Bengaluru

Date: May 28, 2019

**Salil Taneja**

Director

DIN : 00328668

**Mahendra Nalluri**

Chief Financial Officer

**Sysha Kumar**

Company Secretary



BOOK-POST

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