

# *Singhal Prusty & Associates* *Chartered Accountants*

A 142, Raju Park, Sainik Farms (Eastern Avenue) Khanpur, New Delhi 110062, India  
Email: vinay.singhal@spacindia.in  
Tel. No.: +91 124 4242 800

## **Independent Auditor's Report**

**To the Board of Directors of AeroEuro Engineering India Private Limited**

### **Report on the Financial Statements**

- 1) We have audited the accompanying Ind AS financial statements of **AeroEuro Engineering India Private Limited ("the Company")**, which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

- 2) The Company's Board of Directors is responsible for the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards, Financial Reporting as specified under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder. .
- 3) 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- 4) In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibility**

- 5) Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and



# *Singhal Prusty & Associates*

## *Chartered Accountants*

matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

- 6) We conducted our audit of the financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 7) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 8) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

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

### **Emphasis of Matters**

- 10) We draw attention to Note no. 25 in the financial statements which discloses, the Company has incurred profit of Rs. 7,04,900 (previous year loss of Rs 19,37,013) during the year and has accumulated losses of Rs. 44,327,775 (previous year Rs 45,032,675) as at 31 March 2018. The Company's net worth is fully eroded as at 31 March 2018 and the Company has Net worth amounting of negative Rs. 19,327,775 (previous year negative Rs 20,032,675). The management has implemented plans and policies to improve its operation significantly and strengthen the financial position of the Company in the coming years. The management has achieved operational profit in the current financial year and generated profits of Rs 7,04,900. In view of future business outlook , management is of opinion that it is appropriate to prepare accounts on a going concern basis. Accordingly, the financial statements continue to be prepared on a going



# *Singhal Prusty & Associates*

## *Chartered Accountants*

concern basis and do not include any adjustments relating to recoverability and classification of recorded asset amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. If any unfavorable event arises in the future and entity is not able to continue as going concern, adjustment, if any, shall be done in the subsequent period.

### **Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, In our Opinion, the said order is not applicable to the company.
- 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) 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, Cash Flow Statement and with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid 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 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position in its financial statements.
    - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

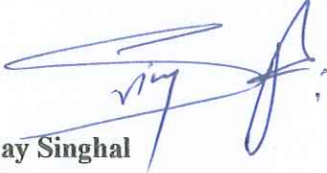


*Singhal Prusty & Associates*  
*Chartered Accountants*

- iii. The company is not required to transfer any amount to the Investor Education and Protection Fund.

*For Singhal Prusty & Associates*  
*Chartered Accountants*

Firm's Registration Number: 024433N



**Vinay Singhal**  
*Partner*

Membership Number: 517499

Date: 29<sup>th</sup> May 2018



# *Singhal Prusty & Associates*

## *Chartered Accountants*

### **“Annexure A” to the Independent Auditor’s Report of even date on the Financial Statements of Aero Euro Engineering India Private Limited**

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

- i. We have audited the internal financial controls over financial reporting of **Aero Euro Engineering India Private Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors’ Responsibility**

- iii. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
- iv. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- v. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting



# *Singhal Prusty & Associates* *Chartered Accountants*

## **Meaning of Internal Financial Controls over Financial Reporting**

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

## **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

## **Opinion**

- viii. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For Singhal Prusty & Associates**

*Chartered Accountants*

Firm's Registration Number: 024433N

**Vinay Singhal**  
*Partner*

Membership Number: 517499

Date: 29<sup>th</sup> May 2018



AeroEuro Engineering India Private Limited  
Standalone Balance Sheet as at 31 March, 2018  
(All amount in INR, unless otherwise stated)

	Notes	As at 31 March, 2018	As at 31 March, 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipments	3	15,878	23,050
Other Intangible assets	4	529,941	745,955
<b>Financial Assets</b>			
	5	3,353,624	3,595,245
		<u>3,899,443</u>	<u>4,364,250</u>
<b>Current assets</b>			
<b>Financial Assets</b>			
Trade receivables	6	2,476,308	2,865,282
Cash & cash equivalents	7	252,325	1,308,119
Loans	5	1,038,165	285,359
		<u>3,766,798</u>	<u>4,458,760</u>
		<u>7,666,241</u>	<u>8,823,010</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity Share capital	8	25,000,000	25,000,000
Other Equity		(44,327,775)	(45,032,675)
		<u>(19,327,775)</u>	<u>(20,032,675)</u>
<b>Non-current liabilities</b>			
Provisions	9	572,076	655,109
Other Non Current liabilities		-	-
		<u>572,076</u>	<u>655,109</u>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Trade payables	10	1,063,837	1,921,775
Other Current liabilities	11	25,322,445	26,246,529
Provisions	9	35,657	32,272
		<u>26,421,939</u>	<u>28,200,576</u>
		<u>7,666,241</u>	<u>8,823,010</u>

Notes from 1 to 26 forms an integral part of the financial statement

Summary of significant accounting policies and other explanatory information.

This is the balance sheet referred to in our report of even date

For Singhal Prusty & Associates  
Chartered Accountants  
FRN:024433N

Vinay Singhal  
Partner  
Membership No: 517499



For and on behalf of the board of directors of  
Aeroeuro Engineering India Private Limited

Ashok Wadhawan  
Director  
DIN: 03384006

Sunil Kadoor Krishna  
Director  
DIN: 05179662



Place: Gurgaon

Place: Gurgaon

Place: Gurgaon  
Date : 29-May-2018

AeroEuro Engineering India Private Limited  
 Standalone Statement of Profit & Loss for the year ended 31 March 2018  
 (All amount in INR, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Income</b>			
Revenue from operations	12	14,686,405	15,607,838
Other Income	13	83,641	449,035
<b>Total Income (I)</b>		<b>14,770,046</b>	<b>16,056,873</b>
<b>Expenses</b>			
Employee benefits expense	14	8,872,077	9,560,477
Finance costs	15	32,965	50,603
Depreciation and amortization expense	3/4	925,285	1,197,636
Other expenses	16	4,206,021	7,039,129
<b>Total expenses (II)</b>		<b>14,036,347</b>	<b>17,847,845</b>
<b>Loss before tax</b>		<b>733,699</b>	<b>(1,790,972)</b>
Tax expenses		-	-
<b>Loss for the year after tax</b>		<b>733,699</b>	<b>(1,790,972)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss.</b>			
Remeasurement of post employment benefit obligations		(28,799)	(146,041)
		<b>704,900</b>	<b>(1,937,013)</b>
<b>Profit/Loss per equity share of Rs. 10 each -Basic (in Rs.)</b>	17	<b>0.29</b>	<b>(0.72)</b>

Summary of significant accounting policies and other explanatory information.

This is the statement of profit and loss referred to in our report of even date.

For Singhal Prusty & Associates  
 Chartered Accountants  
 FRN:024433N

Vinay Singhal  
 Partner  
 Membership No: 517499



For and on behalf of the board of directors of  
 AeroEuro Engineering India Private Limited

Ashok Wadhawan  
 Director  
 DIN: 03384006

Sunil Kadoor Krishna  
 Director  
 DIN: 05179662

Place: Gurgaon  
 Date : 29-May-2018

Place: Gurgaon

Place: Gurgaon



AeroEuro Engineering India Private Limited  
 Standalone Cash Flow statement for the year ended 31 March, 2018  
 (All amount in INR, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>Cash used in operating activities</b>		
Profit before tax	733,699	(1,790,972)
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization	925,285	1,197,636
Unrealized foreign exchange loss/(gain)		139,788
Interest expense	20,104	-
<b>Operating profit before working capital changes</b>	<b>1,679,088</b>	<b>(453,548)</b>
Movements in working capital :		
Increase/ (Decrease) in trade payables	(857,940)	(2,360,790)
Increase/ (Decrease) in provisions	(108,447)	167,004
Increase in other current liabilities	(944,188)	130,789
(Increase)/ Decrease in trade receivables	388,974	463,684
(Increase)/ Decrease in loans and advances	(511,184)	489,372
Cash generated (used in) operations	(353,696)	(1,563,490)
Direct taxes paid (net of refunds)	-	-
Direct tax (Refund From Income Tax)	-	1,487,684
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(353,696)</b>	<b>(75,806)</b>
<b>Cash flows from/ (used in) investing activities</b>		
Purchase of fixed assets	(702,100)	-
<b>Net cash used in investing activities (B)</b>	<b>(702,100)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	-
<b>Net cash used in financing activities (C)</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(1,055,796)	(75,806)
Cash and cash equivalents at the beginning of the year	1,308,119	1,383,925
Cash and cash equivalents at the end of the year	252,325	1,308,119

For Singhal Prusty & Associates  
 Chartered Accountants  
 FRN:024433N

Vinay Singhal  
 Partner  
 Membership No: 517499



Place: Gurgaon

For and on behalf of the board of directors of  
 AeroEuro Engineering India Private Limited



Ashok Wadhawan  
 Director  
 DIN: 03384006

Place: Gurgaon

*(Handwritten signature)*

Sunil Kadoor Krishna  
 Director  
 DIN: 05179662

Place: Gurgaon

**AeroEuro Engineering India Private Limited**  
**Standalone statement of changes in equity for the year ended March 31, 2018**  
 (All amounts in INR, unless otherwise stated)

**a. Equity Share Capital:**

Equity share of Rs. 10 each issued, subscribed and fully paid

**b. Other Equity**

**For the year ended March 31, 2018**

Description	
<b>As at April 1, 2016</b>	
Loss for the year	
Other comprehensive Income	
<b>Items that will not be reclassified to profit or loss.</b>	
Remeasurement of post employment benefit obligations	
Transferred to retained earnings	
<b>As at March 31, 2017</b>	
Profit for the year	
Other comprehensive Income	
<b>Items that will not be reclassified to profit or loss.</b>	
Remeasurement of post employment benefit obligations	
Transferred to retained earnings	
<b>As at March 31, 2018</b>	

## AeroEuro Engineering India Private Limited

### Summary of significant accounting policies and other explanatory information.

(All amount in INR, unless otherwise stated)

#### 1. Corporate information

---

AeroEuro Engineering India Private Limited is Subsidiary of PL Engineering Limited. The Company has been incorporated on 13 May 2011 under the Companies Act, 1956. The Company is primarily engaged in providing engineering and design consultancy services in the aerospace Sector.

#### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2018 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, which have been uses as fair value.

##### 2.1 Summary of significant accounting policies

###### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

###### (b) Property, plant and equipments

Tangible assets are stated at cost, net off accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met and all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company considered the previous GAAP carrying cost of plant and equipments as deemed cost, as the fair value of these assets does not differ materially from its carrying cost.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying cost amount of the asset and are recognised in the Statement of Profit and Loss when the assets in de-recognised.

###### (c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following the initial recognition, Intangible assets are carried at historic cost less accumulated amortisation and impairment (if any).

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

For the transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(d) Depreciation on property, plant and equipments and amortisation on intangible fixed assets**

Depreciation on property, plant and equipments is calculated on a straight line basis using the rates arrived at based on the useful lives prescribed under Schedule II to the Companies Act, 2013. The Company has used the following lives to provide depreciation.

Particulars	Useful Life (In years)
Computer hardware	3
Furniture and fixtures	10
Office equipment	5
Computer software	6*

\* for Software purchased in the financial year 2017-18, the useful life is 2 years.

**(e) Component accounting**

The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. However, this change in accounting policy did not have any material impact on financial statements of the Company.

**(f) Impairment of tangible and intangible assets**

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

The Company bases its impairment calculation on detailed budgets and forecast which are separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer period, long term growth rate is calculated and applied to project future cash flows after the fifth year..

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over the lease term.

**(g) Leases**

*Where the Company is lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

*Where the Company is lessor*

Lease in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Assets subject to operating lease are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit & loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the statement of profit & loss. Initial direct costs such as legal costs, brokerage costs etc. are recognized immediately in the of profit and loss.

## (h) Financial Assets

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.

All regular way purchases or sale of financial assets are recognised and derecognised on trade date basis. Regular way purchase or sale are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in marketplace.

### 1. Financial instruments : Initial Reorganization

All the financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction cost that are attributable to the acquisition of the financial assets. Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date, i.e., the date that the company commits to purchase or sell the assets.

### 2. Financial instruments : Subsequent measurement

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

i. Debt instruments at amortised cost

ii. Debt instruments at fair value through other comprehensive income (FVOCI)

iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

i. **Amortised cost** : Debt instrument is measured at amortised cost when, the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and, contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using effective interest rate method (EIR).

ii. **Fair value through other comprehensive income (FVOCI)**: Debt instrument is classified at FVTOCI when, the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets and, the asset's contractual cash flow represents solely payment of principal and interest. Initially these are measured at fair value and subsequently at each reporting date the movement of fair value are recognized at the other comprehensive income (OCI). On derecognition of these assets, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned during the holding period of these instruments is reported as interest income using the EIR method.

iii. **Fair value through profit or loss (FVTPL)** : Any instrument which does not meet the criteria for categorization as at amortized cost or as FVTOCI are classified as at FVTPL. Instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

iv. **Equity Investments** : All investments are measured at fair value through other comprehensive income (FVOCI), except for investments which are held for trading are classified as at FVTPL. All subsequent fair value changes on the investments which are designated (FVOCI), excluding dividends, are recognized

### 3. Financial instruments : Derecognition

A financial asset is derecognised when the control or right to receive cash flows from the asset is expired / transferred.

#### 4. Impairment of financial assets

##### i. Trade receivables and advances (other than from Group Companies):

The Company follows 'simplified approach' for recognition of impairment loss for trade receivables and advances (other than from Group Companies).

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses separate provision matrices to determine impairment loss allowance on portfolio of its trade receivables and advances (other than Group Companies).

##### Provision matrix for trade receivables (other than Group Companies):

The Company estimates the ECL on contractually due trade receivables for completed projects, based on following provision matrix, on a cumulative basis. The company does not evaluate trade receivables for impairment on its on-going projects.

<u>Past Due Period</u>	<u>Rate of Provision</u>
Upto 3 years	0%
Upto 4 years	10%
Upto 5 years	35%
Upto 6 years	65%
<u>Beyond 6 years</u>	<u>100%</u>

##### Other Criteria

- (i) Wherever the matter and realization thereof is under dispute/ litigation/ arbitration, the same is evaluated separately and ECL is estimated as the matter progresses.
- (ii) The trade receivables against which an ECL provision is triggered as per above matrix, are also assessed for other developments, if any.

The above matrix is based on historically observed default rates over their expected life and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed and incorporated.

##### Provision matrix for (non-trade) advances (other than Group Companies):

<u>Past Due Period</u>	<u>Rate of Provision</u>
Upto 5 years	0%
Upto 6 years	20%
Upto 7 years	50%
<u>Beyond 7 years</u>	<u>100%</u>

##### Other Criteria

- (i) Wherever the matter and realization thereof is under dispute/ litigation/ arbitration, the same is evaluated separately and ECL is estimated as the matter progresses.
- (ii) The advances against which an ECL provision is triggered as per above matrix, are also assessed for other developments, if any.

The above matrix is based on historically observed default rates and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed and incorporated.

#### **Trade receivables and advances (from Group Companies):**

Trade receivables and advance from group companies are assessed in conjunction with fair valuation of Company's investment therein. Where, futuristic intent or fair valuation cast a doubt on recoverability of the amounts receivables, the same are provided for in the statement of profit and loss.

#### **Other financial assets**

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

#### **Accounting and presentation of ECL:**

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

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

#### **Financial liabilities**

The companies financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivate financial instruments.

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

**i. Financial liabilities measured at fair value through profit or loss:** All financial liability which are held for trading are measured at fair value through profit and loss. All derivative financial instruments entered into by the Company that are not designated as hedge instrument are also measured at fair value through profit or loss.

**ii. Loans and borrowings :** All interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

**iii. Financial Guarantee contracts :** All financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction cost 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 and the amount recognised less cumulative amortisation.

All financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

#### **(i) Embedded Derivatives :**

Derivatives embedded in non-derivative cost contracts that are not financial assets within the scope of Ind AS109 are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and host contracts are not measured at FVTPL.

#### **(j) Unbilled revenue (work in progress)**

Unbilled revenue ( work in progress) is valued at net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

#### **(k) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The following specific recognition criteria must also be met before revenue is recognized

#### *Income from services*

Revenues from services comprise of income from man - hour rate (time basis) contracts and fixed price contracts.

Revenues associated with services rendered on time basis is recognised when the services are rendered. The same is calculated based on the man hours incurred for rendering the services.

Revenue from fixed price contracts (including maintenance and support contracts) is recognised by reference to the stage of the service contract at the balance sheet date. The stage of completion is the proportion of the contract costs incurred for the work performed up to the balance sheet date to the estimated total contract costs. However, profit is not recognised unless there is reasonable progress on the contract. If total cost of a contract based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the statement of profit and loss of the year in which revisions are made. Excess / shortfall of revenue over that billed as at the year end is carried in the financial statements as unbilled revenue and billing in excess of contract revenue is shown under current liabilities as advance billing to customer in the financial statement. The Company collects service tax on behalf of the government and therefore, there are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

#### *Interest*

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses. Interest income is included in other income in the statement of Profit and Loss.

#### **(i) Foreign currency transactions**

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

#### **(i) Initial recognition**

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

#### **(iii) Exchange differences**

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a) Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

b) All other exchange differences are recognised as income or as expenses in the period in which they arise.

#### **(i) Employee benefits**

The Company makes contribution to statutory provident fund in accordance with Employee's Provident Funds and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. The Company has no obligation, other than the contribution payable to respective funds. The Company recognises contribution payable to respective funds as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity liability is a defined benefit obligation. The gratuity liability and amount paid/ payable in respect of present value of liability of past services is charged to the statement of profit and loss on the basis of actuarial valuation on the projected unit credit method made at the end of each financial year.

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



Past service costs are recognised in profit and loss on the earlier of: the date of the plan amendment or curtailment or the date that the company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. The Company recognises the following changes in the net defined benefit obligation as an expense in the profit and loss:

- a.) Service cost comprising current service costs, past services costs, gains and losses on curtailments and non routine settlements; and
- b.) net interest expense or income

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

## **(l) Income taxes**

### **Current Income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss directly either in OCI or directly in equity. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

### **Deferred tax**

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deduction temporary differences and the carry forward of unused tax credits and unused tax loss can be utilized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of deferred tax assets to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rate in India at the reporting date.

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

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

## **(m) Earnings per share**

Basic earnings per share are 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. The weighted average number of equity shares outstanding during the year is adjusted for the events of bonus issue and share split.

## **(n) Provisions**

A provision is recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not disclosed to their present value and are determined based on best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and are adjusted to reflect the current best estimates.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**(o) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(p) Contingent liabilities and provisions**

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) present obligation, where a reliable estimate cannot be made.

A provision is recognised when the Company has present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not disclosed to their present value and are determined based on best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and are adjusted to reflect the current best estimates.

**(q) Operating cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents and the same is considered as project period.

**(r) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

**(s) Recent accounting pronouncements**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition: • Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors • Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

*(This space has been intentionally left blank)*

**AeroEuro Engineering India Private Limited**

**Notes to financial statements for the year ended March 31, 2018**

(All amount in INR, unless otherwise stated)

**(3). Property, plant and equipments**

Particulars	Computer Hardware	Office Equipment	Furniture and fixtures	Total
As at Apr 1,2016	5,365,267	120,177	41,527	5,526,971
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
As at March 31, 2017	5,365,267	120,177	41,527	5,526,971
Additions during the year	-	-	-	-
Disposals during the year	-	-	-	-
As at March 31, 2018	5,365,267	120,177	41,527	5,526,971

**Accumulated depreciation**

As at Apr 1,2016	5,342,823	108,423	14,982	5,466,228
Charge for the year	22,444	10,659	4,590	37,693
As at 31-Mar-2017	5,365,267	119,082	19,572	5,503,921
Charge for the year	-	1,095	6,077	7,172
As at 31-Mar-2018	5,365,267	120,177	25,649	5,511,093

**Net Block**

As at March 31, 2017	-	1,095	21,955	23,050
As at March 31, 2018	-	-	15,878	15,878

**(4). Intangible assets**

Particulars	Computer software	Total
As at Apr 1,2016	7,157,991	7,157,991
Additions during the year	-	-
Disposals during the year	-	-
As at March 31, 2017	7,157,991	7,157,991
Additions during the year	702,100	702,100
Disposals during the year	-	-
As at March 31, 2018	7,860,091	7,860,091

**Accumulated amortization**

As at Apr 1,2016	5,252,094	5,252,094
Charge for the year	1,159,942	1,159,942
As at March 31, 2017	6,412,036	6,412,036
Charge for the year	918,114	918,114
As at March 31, 2018	7,330,150	7,330,150

**Net block**

As at March 31, 2017	745,955	745,955
As at March 31, 2018	529,941	529,941

(This space has been intentionally left blank)

AeroEuro Engineering India Private Limited

Notes to financial statements for the year ended March 31, 2018

(All amount in INR, unless otherwise stated)

(5). Loans and advances (Unsecured, considered good)

	Non-current		Current	
	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2018	As at 31 March, 2017
Security deposit	1,200,000	1,200,000	-	-
Advances to employees	-	-	118,307	60,819
Balances with statutory / government authorities	2,153,624	2,350,220	-	-
Taxes and duties recoverable	-	45,025	919,858	-
Prepaid expenses	-	-	-	8,790
Advance to suppliers	-	-	-	215,750
<b>Total</b>	<b>3,353,624</b>	<b>3,595,245</b>	<b>1,038,165</b>	<b>285,359</b>

(6). Trade receivables

	As at 31 March, 2018	As at 31 March, 2017
<b>Unsecured Debtors- considered good</b>		
Due to Related parties	1,993,855	182,548
Due to others	661,482	2,695,995
Less: Provision for expected credit loss	(179,029)	(13,261)
Other receivables	-	-
	<b>2,476,308</b>	<b>2,865,282</b>

(7). Cash & cash equivalents

	As at 31 March, 2018	As at 31 March, 2017
<b>Balances with banks:</b>		
- In current accounts	121,805	1,178,106
	<b>121,805</b>	<b>1,178,106</b>
Cash in hand	130,520	130,013
	<b>130,520</b>	<b>130,013</b>
	<b>252,325</b>	<b>1,308,119</b>

AeroEuro Engineering India Private Limited  
Notes to financial statements for the year ended March 31, 2018  
(All amount in INR, unless otherwise stated)

**(8). Share Capital**

Particulars	As at	As at
	31 March, 2018	31 March, 2017
Authorized shares 3,000,000 (2017: 3,000,000) equity shares of Rs. 10 each	30,000,000	30,000,000
<b>Issued, subscribed and fully paid-up shares</b>	<b>30,000,000</b>	<b>30,000,000</b>
2,500,000 (2017: 2,500,000) equity shares of Rs. 10 each	25,000,000	25,000,000
	<b>25,000,000</b>	<b>25,000,000</b>

**Equity shares**

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares outstanding at the beginning of the year	25,000,000	25,000,000
Issued during the year	-	-
Buyback during the year	-	-
<b>Outstanding at the end of the period</b>	<b>25,000,000</b>	<b>25,000,000</b>

**(b) Terms/ rights attached to equity shares**

- (i) The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.  
(ii) 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  
(iii) During the year ended March 31,2018, the amount of per share dividend recognized as distribution to equity shareholders was Nil (Previous year Nil)

**(c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the reporting year:**

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	No.	% of Holding	No.	% of Holding
GECI Transportation and Engineering India Private Limited*	-	0%	1,250,000	50%
PL Engineering Limited (including one equity share held by nominee)	2,500,000	100%	1,250,000	50%

(\* Held 12,50,000 number of shares till 1st day of July 2017)

As per records of the company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

- (d) No Bonus Shares or shares has been issued for consideration other than cash or shares bought back over the last five years immediately preceded in the reporting date.

**(9). Other Equity (Reserves and Surplus)**

	As at March 31, 2018	As at March 31, 2017
Deficit as per statement of profit and loss		
Balance at the beginning of the year	(45,032,675)	(43,095,662)
Profit/Loss for the year	733,699	(1,790,972)
Other Comprehensive Income (OCI)	(28,799)	(146,041)
<b>Closing balance at end of the year</b>	<b>(44,327,775)</b>	<b>(45,032,675)</b>

**(9). Provisions**

	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits				
Provision for gratuity (Refer Note 19)	422,346	446,133	24841	16238
Provision for compensated absences (Refer Note 19)	149,730	208,976	10815	16033
	<b>572,076</b>	<b>655,109</b>	<b>35,656</b>	<b>32,271.00</b>

**AeroEuro Engineering India Private Limited**  
**Notes to financial statements for the year ended March 31, 2018**  
 (All amount in INR, unless otherwise stated)

**(10). Trade Payable**

- Due to MSME (refer Note 23 for details of dues to Micro and Small Enterprises)
- Due to related parties
- Due to Others

	As at 31 March, 2018	As at 31 March, 2017
	-	-
	480,250	480,250
	-	-
	583,587	1,441,525
	<u>1,063,837</u>	<u>1,921,775</u>

**(11). Other current liabilities**

- Loan, repayable on demand
- Interest accrued and due on borrowings
- Due to employees
- Statutory obligations
- Advance from customers
- Liability of expenses
- Provision for Expenses

	14,111,394	14,111,394
	6,477,130	6,477,130
	513,457	1,988,782
	471,394	485,731
	3,183,484	3,183,484
	440,586	-
	125,000	-
	<u>25,322,445</u>	<u>26,246,521</u>

(This space has been intentionally left blank)

AeroEuro Engineering India Private Limited  
Notes to financial statements for the year ended March 31, 2018  
(All amount in INR, unless otherwise stated)

**(12). Revenue from operations**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Professional fees	14,686,405	15,607,838
	<u>14,686,405</u>	<u>15,607,838</u>

**(13). Other income**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sundry liabilities written back	-	191,291.00
Interest on Income tax refund	2,025	87,738.00
Reversal of Provision for expected credit loss		170,006.00
Net Gain of Foreign Currency Transaction	81,616	
	<u>83,641</u>	<u>449,035</u>

**(14). Employee benefits expense**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	8,142,442	8,948,714
Contribution to provident fund	392,458	379,588
Gratuity expense and Leave Encashment	173,102	118,909
Compensated absences (Note 21)	-	56,997
Staff welfare expenses	164,075	56,269
	<u>8,872,077</u>	<u>9,560,477</u>

**(15). Finance costs**

Particulars	Year ended 31 March 2018	Period ended March 31, 2017
Interest on late payment	20,104	
Bank charges	12,861	50,603
	<u>32,965</u>	<u>50,603</u>

**(16). Other expenses**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Project material consumed	78,813	121,986
Power and fuel	455,993	461,187
Rent	2,043,000	2,380,539
Rates and taxes	16,653	81,688
Net loss on foreign currency transaction	-	139,788
Repair & Maintenance-Building	10,000	314,866
Office Expense	8,679	
Computer software expenses	14,400	40,807
Travelling and conveyance	197,157	94,894
Communication cost	252,358	214,693
Payment to auditors	142,700	125,000
Legal and professional charges	840,190	564,504
Contractor charges	48,000	212,799
exp writte off	-	41,170
Bad Debt	-	1,794,777
Interest on Late Payment on rent	-	360,208
Misc. Exp	98,077	90,223
	<u>4,206,021</u>	<u>7,039,129</u>

**Payment to auditor as:**

Particular	Year ended 31 March 2018	Year ended 31 March 2017
Auditor	125,000	125,000
	<u>125,000</u>	<u>125,000</u>

**AeroEuro Engineering India Private Limited**

**Summary of significant accounting policies and other explanatory information for the year ended 31 Mar 2018**

(All amount in INR, unless otherwise stated)

**(17). Earnings/(Loss) per share (EPS)**

The following reflects the loss share and data used in the basic EPS computation:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>a) Computation of weighted average number of equity shares</b>		
Weighted average number of equity shares outstanding at the end of the year(nos.)	2,500,000	2,500,000
<b>b) Computation of loss per share</b>		
Net Profit/(loss) after tax	733,699	(1,790,972)
Net Profit/(loss) after tax attributable to equity shareholder	733,699	(1,790,972)
<b>Basic earnings per share</b>	<b>0.29</b>	<b>(0.72)</b>
<b>(face value per share Rs 10 each)</b>		

**(18). Employee benefit obligations**

The Company has a defined gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

The following tables summaries the components of net benefit expense recognized in the Statement of Profit and Loss and amounts recognised in the balance sheet.

**Gratuity**

**Statement of profit and loss**

**Net employee benefit expense recognized in the employee cost**

Particulars	FY-2017-18	FY-2016-17
Current service cost	87,543	100,693
Interest cost on benefit obligation	34,678	18,215
Expected return on plan assets	-	-
Net actuarial gain	-	-
Net benefit expenses	122,221	118,908

**Other Comprehensive (Income) /Expenses (Remeasurement)**

Particulars	FY-2017-18	FY-2016-17
Actuarial (gain)/loss - obligation	13,504	83,243
Actuarial (gain)/loss - plan assets	-	-
Total Actuarial (gain)/loss	13,504	83,243

**Balance sheet**

Table Showing changes in present value of Obligations:

Particulars	FY-2017-18	FY-2016-17
Opening defined benefit obligation	462,371	260,220
Interest cost	34,678	18,215
Current service cost	87,543	100,693
Benefit Paid	(150,909)	-
Actuarial (gain)/Loss on obligation	13,504	83,243
Closing defined benefit obligation	447,187	462,371

**Key Results(Amount to be recognised in the Balance Sheet)**

Particulars	FY-2017-18	FY-2016-17
Present value of the obligation at the end of the period	447,187	462,371
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	447,187	462,371
Funded Status	(447,187)	(462,371)
Best estimate for contribution during next Period	95,589	113,904



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

Particulars	Gratuity	
	FY-2017-18	FY-2016-17
Discount rate	7.00%	7.00%
Future salary increase	5.00%	5.00%
Employee turnover		
- up to 30 years	7.00%	7.00%
- above 30 years but up to 44 years	5.00%	5.00%
- Above 44 years	1.00%	1.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

#### Compensated absences

##### Net employee benefit expense recognized in the employee cost

Particulars	FY-2017-18	FY-2016-17
Current service cost	34,005	49,009
Interest cost on benefit obligation	16,876	7,988
Expected return on plan assets	-	-
Net benefit expenses	50,881	56,997

##### Other Comprehensive (Income) /Expenses (Remeasurement)

Particulars	FY-2017-18	FY-2016-17
Actuarial (gain)/loss - obligation	15,295	62,798
Actuarial (gain)/loss - plan assets	-	-
Total Actuarial (gain)/loss	15,295	62,798

#### Balance sheet

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

Particulars	FY-2017-18	FY-2016-17
Opening defined benefit obligation	225,009	114,117
Interest cost	16,876	7,988
Current service cost	34,005	49,009
Benefits paid	(130,640)	(8,903)
Actuarial gain on obligation	15,295	62,798
Closing defined benefit obligation	160,545	225,009

##### Key Results(Amount to be recognised in the Balance Sheet)

Particulars	FY-2017-18	FY-2016-17
Present value of the obligation at the end of the period	160,545	225,009
Fair value of plan assets at end of period	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	160,545	225,009
Funded Status	(160,545)	(225,009)
Best estimate for contribution during next Period	466	451

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

Particulars	Compensated absences	
	FY-2017-18	FY-2016-17
Discount rate	7.00%	7.00%
Future salary increase	5.00%	5.00%
Employee turnover		
- up to 30 years	7.00%	7.00%
- above 30 years but up to 44 years	5.00%	5.00%
- Above 44 years	1.00%	1.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate

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

(19). Leases

**Operating lease: Company as lessee**

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

The Company has taken office premises under operating lease agreements. The lease taken is for the period of two years (with a lock-in period of two years).

Its is renewable at the end of two years with the mutual consent of both lesser and lessee. As per the escalation clause, 10% of the last paid rent after the completion of two years.

Particulars	March 31, 2018	March 31, 2017
Within one year	1,099,000	2,043,000
After one year but not more than five years	0	1,099,000
More than five years	0	-
	<b>1,099,000</b>	<b>3,142,000</b>

Lease payment charged to Statement of Profit and Loss account during the year amounted to Rs. 20,43,000 (previous year Rs. 23,80,539).

AeroEuro Engineering India Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 Mar 2018

(All amount in INR, unless otherwise stated)

(20). Related party disclosures

(a) Names of related parties and related party relationship

Related parties where control exists

GECI International	Holding Company of GECI Transportation and Engineering India Private Limited*
Punj Lloyd Limited	Holding Company of PL Engineering Limited
GECI Transportation and Engineering India Private Limited	Joint Venturers*
PL Engineering Limited	Joint Venturers

(\*Till 1st day of July 2017)

Related parties with whom transactions have taken place during the year or in the previous year

GECI International France	Holding Company of GECI Transportation and Engineering India Private Limited*
GECI Aviation	Fellow Subsidiaries of Joint Venturers*
GECI GmbH	Fellow Subsidiaries of Joint Venturers*
GECI Systems	Fellow Subsidiaries of Joint Venturers*
Punj Lloyd Limited	Holding Company of PL Engineering Limited
PL Engineering Limited	Joint Venturers

(\*Till 1st day of July 2017)

Key management personnel (KMP)

Director	ASHOK WADHAWAN ( w.e.f 04/05/2017)
Director	SUNIL KADOOR KRISHNA( w.e.f 11/08/2017)

(b) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Particulars	Joint Venturers		Fellow Subsidiaries of Joint		Holding Company of Joint	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Revenue						
Punj Lloyd Limited	-	-	-	-	10,627,308	100,000
Expenses incurred/ payment made by related party of the on behalf Company						
PL Engineering Limited	-	127,744	-	-	-	-
Outstanding receivable						
<i>- In respect of service rendered</i>						
Punj Lloyd Limited	-	-	-	-	1,993,855	182,548
Outstanding payable						
<i>- In respect of expenses paid by related party</i>						
PL Engineering Limited	480,250	480,250	-	-	-	-
<i>- In respect of interest on loan</i>						
PL Engineering Limited	6,477,130	6,477,130	-	-	-	-
<i>- In respect of loan taken from related party</i>						
PL Engineering Limited	14,111,394	14,111,394	-	-	-	-
<i>Advance from Customer</i>						
GECI Systemes	-	-	2,021,284	2,021,284	-	-
GECI International France	-	-	-	-	1,162,200	1,162,200
	21,068,774	21,196,518	2,021,284	2,021,284	13,783,363	1,444,748

(c) Reimbursement of expenses to Key managerial personnel

Particulars	31 March 2018	31 March 2017
Salary		
Mr. Sanjay Goel	-	29,070
Total	-	29,070

21. Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	As at 31 March 2018			As at 31 March 2017		
	Amount in foreign Currency	Exch.Rate	Amount (INR)	Amount in foreign Currency	Exch.Rate	Amount (INR)
Trade receivable USD	10,368	65.17	675683	37,172	64.85	2,410,604

22. Based on the information available with the Company there are no dues outstanding to Micro, Small, and Medium Enterprises at the year end under the Micro, Small Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

23. The Company has accounted for deferred tax assets on temporary differences, including those on unabsorbed depreciation and business losses, to the extent there is future probability of reversal and taxable profits as per the para 44 of IND AS 12 for which it is virtually certain that future taxable income would be generated by reversal of such deferred tax liability.

24. Operational outlook:

The Company has incurred profit of Rs 7,04,900 (previous year loss of Rs 19,37,013) during the year and has accumulated losses of Rs 44,327,775 (previous year Rs 45,032,675) as at 31 March 2018. The Company's net worth is fully eroded as at 31 March 2018 and the Company has net worth amounting of negative Rs 19,327,775 (previous year negative Rs 20,032,675). The management has implemented plans and policies to improve its operation significantly and strengthen the financial position of the Company in the coming years. The management has achieved operational profit in the current financial year and generated profits of Rs 7,04,900. In view of future business outlook, management is of opinion that it is appropriate to prepare accounts on a going concern basis. Accordingly, the financial statements continue to be prepared on a going concern basis and do not include any adjustments relating to recoverability and classification of recorded asset amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. If any unfavourable event arises in the future and entity is not able to continue as going concern, adjustment, if any, shall be done in the subsequent period.

25. Previous year amounts

Previous year amounts have been regrouped/reclassified, where necessary, to conform to this year's classification.

26. Income tax expenses

Particulars	Year Ended	
	March 31, 2018	March 31, 2017
(a) Income Tax expense		
Current Tax	0	0
Adjustments for current tax of prior periods	0	0
Deferred Tax	0	0
<b>Total tax expense</b>	<b>0</b>	<b>0</b>
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Loss before income tax expense	733,699	
Tax at the Indian tax rate of 30.90% (Previous year - 30.90%)	226,713	
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of Depreciation	276,103.55	
Tax losses of provision for unforeseeable losses & credit losses	-	
Overseas tax	-	
Effect of deferred tax asset not recognized	-	
Tax relating to earlier years	-	
Tax losses for which no deferred income tax was recognized	-	
Other items	-	
<b>Total tax expense</b>	<b>502,817</b>	
(c) Tax Losses:		
Unused tax losses for which no deferred tax asset has been recognised		
Potential tax benefit @ tax rate		

For Singhal Prusty & Associates  
 Chartered Accountants  
 FRN:024433N

Vinay Singhal  
 Partner  
 Membership No: 517499

Place: Gurgaon  
 Date : 29-May-2018



For and on behalf of the board of directors of  
 Aeroeuro Engineering India Private Limited

Ashok Wadhawan  
 Director  
 DIN: 03384006

Place: Gurgaon

Sunil Kadoor Krishna  
 Director  
 DIN: 05179662

Place: Gurgaon