

# Manubhai & Shah LLP

Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Members of ASHLEY AVIATION LIMITED

Report on the Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind As Financial Statements of ASHLEY AVIATION LIMITED ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2019, the Statement of Profit and Loss (including Other Comprehensive Income) and the Statement of Cash Flow and Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2019, its Loss (including Other Comprehensive income), its Cash flows and Changes in Equity 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 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 together with the ethical requirements that are relevant to our audit of the Ind AS 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.

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

The company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is other information included in Board of Directors Report including Annexures to such report but does not include the Ind AS Financial Statements and our Auditor's Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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.

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## **Management's Responsibility for the 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 Ind AS 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 (Ind AS) prescribed under section 133 of the Act, read with relevant rules issued thereunder. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Ind AS 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 Ind AS Financial Statements, including the disclosures, and whether the Ind AS 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 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 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 the requirements of section 197(16) of the Act, as amended; we report that in our opinion and to best of our information and according to the explanations given to us, no remuneration is paid by the Company to its directors during the year.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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

FOR MANUBHAI & SHAH LLP  
CHARTERED ACCOUNTANTS  
FRN. 106041W/W100136



ASHISH SHAH  
PARTNER  
Membership No: 103750

Mumbai, May 15, 2019

## **Annexure – A to Independent Auditors' Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Ashley Aviation Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the Ind AS 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 maintain internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

Our responsibility is to express an opinion on the Company's internal 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 issued by ICAI (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

### **Opinion**

In our opinion, 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 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR MANUBHAI & SHAH LLP**  
**CHARTERED ACCOUNTANTS**  
FRN. 106041W/W100136



**ASHISH SHAH**  
**PARTNER**  
Membership No: 103750

Mumbai, May 15, 2019

## **ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in Paragraph 2 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

1. In respect of its Fixed Assets;
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) There is a regular program of physical verification of fixed assets which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
  - (c) The Company does not have any immovable property forming part of its fixed assets.
2. The nature of the Company's activities during the year does not involve the use of inventory and thus paragraph 3(ii) of the Order is not applicable to the Company.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 and thus paragraph 3(iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the Company has not granted any loans, made any investments or provided any guarantees or securities covered under section 185 and 186 of the Companies Act, 2013 and hence reporting under paragraph 3(iv) of the Order is not applicable.
5. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
6. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act in respect of activities undertaken by the Company.
7. In respect of Statutory dues;
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, cess and other statutory dues, as applicable, with the appropriate authorities.

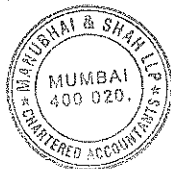
According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there are no undisputed amounts payable in respect of the above mentioned statutory dues which were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues outstanding as at 31<sup>st</sup> March 2019 which have not been deposited on account of a dispute.
8. In our opinion and according to the information and explanations given to us, the Company has not taken any loans from financial institutions, bankers and government and neither has



issued any debentures and hence reporting under paragraph 3(viii) of the Order is not applicable.

9. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans , initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3(ix) of the Order is not applicable.
10. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company does not pay any managerial remuneration and hence reporting under paragraph 3(xi) of the Order is not applicable.
12. The Company is not a Nidhi Company as defined under section 406(1) of the Act and thus reporting under paragraph 3(xii) of the Order is not applicable.
13. The transactions entered by the Company with related parties are in compliance with section 177 and 188 of the Act. The details of all such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standard.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
15. In our opinion and according the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**FOR MANUBHAI & SHAH LLP**  
**CHARTERED ACCOUNTANTS**  
FRN. 106041W/W100136



**ASHISH SHAH**  
**PARTNER**  
Membership No: 103750

Mumbai, May 15, 2019

**Ashley Aviation Limited**  
**CIN : U66030TN2008PLC122350**  
**Balance sheet as at March 31, 2019**

| <i>Particulars</i>   | Note No. | As at<br>March 31, 2019<br>Rs. Lakhs | As at<br>March 31, 2018<br>Rs. Lakhs |
|--|----------|--------------------------------------|--------------------------------------|
| <b>ASSETS</b>  |          |                                      |                                      |
| <b>Non-current assets</b>  |          |                                      |                                      |
| Property, plant and equipment  | 1.1      | 8.22                                 | 3.56                                 |
| Inangible Assets   | 1.1      | -                                    | -                                    |
| Financial Assets   |          |                                      |                                      |
| (i) Investments  | 1.2      | -                                    | -                                    |
| (ii) Loans   | 1.3      | 66.99                                | 54.68                                |
| Non Current tax assets (net)   | 1.4      | 21.40                                | 24.88                                |
| Other non-current assets   | 1.5      | 2.36                                 | 8.16                                 |
| <b>Total Non-current assets</b>  |          | <b>98.97</b>                         | <b>91.28</b>                         |
| <b>Current assets</b>  |          |                                      |                                      |
| Financial Assets   |          |                                      |                                      |
| (i) Trade Receivables  | 1.6      | 93.91                                | 199.92                               |
| (ii) Cash and cash equivalents   | 1.7      | 98.04                                | 24.99                                |
| (iii) Loans  | 1.8      | -                                    | 0.31                                 |
| (iv) Other current financial assets  | 1.9A     | -                                    | 11.51                                |
| Contract Assets  | 1.9B     | 106.00                               | -                                    |
| Current tax assets (net)   | 1.10     | 15.08                                | 20.09                                |
| Other current assets   | 1.11     | 115.98                               | 79.63                                |
| <b>Total Current assets</b>  |          | <b>429.01</b>                        | <b>336.45</b>                        |
| <b>TOTAL ASSETS</b>  |          | <b>527.98</b>                        | <b>427.73</b>                        |
| <b>EQUITY AND LIABILITIES</b>  |          |                                      |                                      |
| <b>Equity</b>  |          |                                      |                                      |
| Equity Share capital   | 1.12     | 900.00                               | 400.00                               |
| Other Equity   | 1.13     | (1,466.32)                           | (1,179.39)                           |
| <b>Total Equity</b>  |          | <b>(566.32)</b>                      | <b>(779.39)</b>                      |
| <b>Liabilities</b>   |          |                                      |                                      |
| <b>Non-current liabilities</b>   |          |                                      |                                      |
| Financial liabilities  |          |                                      |                                      |
| (i) Borrowings   | 1.14     | 570.35                               | 540.53                               |
| (ii) Other financial liabilities   | 1.15     | 11.10                                | 8.90                                 |
| Provisions   | 1.16     | 18.30                                | 19.33                                |
| <b>Total Non-current liabilities</b>                                       |          | <b>599.75</b>                        | <b>568.76</b>                        |
| <b>Current liabilities</b>   |          |                                      |                                      |
| Financial liabilities  |          |                                      |                                      |
| (i) Borrowings   | 1.17     | -                                    | 225.00                               |
| (ii) Trade payables  | 1.18     |                                      |                                      |
| Total outstanding dues of micro and small enterprises                      |          | -                                    | -                                    |
| Total outstanding dues of creditors other than micro and small enterprises |          | 447.03                               | 330.36                               |
| (iii) Other financial liabilities  | 1.19     | 2.24                                 | 13.49                                |
| Other current liabilities  | 1.20     | 20.49                                | 69.33                                |
| Provisions   | 1.21     | 24.79                                | 0.18                                 |
| <b>Total Current liabilities</b>   |          | <b>494.55</b>                        | <b>638.36</b>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>527.98</b>                        | <b>427.73</b>                        |
| Significant Accounting Policies  | 1        |                                      |                                      |
| Notes are an integral part of the Financial Statements                     |          |                                      |                                      |

As per our Report of Even Date  
For Manubhai & Shah LLP  
Chartered Accountants  
FRN 106041W/W100136



A. K. Das  
Director  
DIN: 00122913

S. K. Tripathi  
Director  
DIN: 06431686

Ashish Shah  
Partner  
Membership No.103750  
Place: Mumbai  
May 15, 2019

Sanjay Verma  
Chief Executive Officer

R. Ravishankar  
Chief Financial Officer

S. Raja  
Company Secretary

For and on behalf of the board

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

| <i>Particulars</i>  | Note No. | Year ended<br>March 31, 2019<br>Rs. Lakhs | Year ended<br>March 31, 2018<br>Rs. Lakhs |
|---|----------|---|---|
| <b>Income</b>   |          |   |   |
| Revenue from operations   | 2.1      | 856.25                                    | 958.90                                    |
| Other income  | 2.2      | 10.01                                     | 3.29                                      |
| <b>Total Income</b>   |          | <b>866.26</b>                             | <b>962.19</b>                             |
| <b>Expenses</b>   |          |   |   |
| Cost of operating expenses  | 2.3      | 514.42                                    | 543.56                                    |
| Employee benefits expense   | 2.4      | 285.16                                    | 252.27                                    |
| Finance costs   | 2.5      | 56.14                                     | 56.16                                     |
| Depreciation and amortisation expense   | 2.6      | 2.50                                      | 1.32                                      |
| Other expenses  | 2.7      | 296.60                                    | 445.06                                    |
| <b>Total Expenses</b>   |          | <b>1,154.82</b>                           | <b>1,298.37</b>                           |
| Loss before exceptional items and tax   |          | (288.56)                                  | (336.18)                                  |
| Exceptional items   |          | -   | -   |
| <b>Loss before tax</b>  |          | <b>(288.56)</b>                           | <b>(336.18)</b>                           |
| <b>Tax expense:</b>   |          |   |   |
| Current tax   |          | -   | -   |
| Deferred tax  |          | -   | -   |
| <b>Loss for the year</b>  |          | <b>(288.56)</b>                           | <b>(336.18)</b>                           |
| <b>Other Comprehensive Income</b>   |          |   |   |
| A (i) Items that will not be reclassified to Profit or Loss                       |          |   |   |
| - Remeasurement of Defined Benefit Plans  |          | 1.63                                      | 0.20                                      |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss |          | -   | -   |
| B (i) Items that will be reclassified to Profit or Loss                           |          | -   | -   |
| (ii) Income tax relating to items that will be reclassified to Profit or Loss     |          | -   | -   |
| <b>Total Other Comprehensive Income</b>   |          | <b>1.63</b>                               | <b>0.20</b>                               |
| <b>Total Comprehensive Income for the year</b>                                    |          | <b>(286.93)</b>                           | <b>(335.98)</b>                           |
| Earnings per share (Face value Rs.10 each) -                                      |          |   |   |
| -Basic (in Rs.)   |          | (6.77)                                    | (8.40)                                    |
| -Diluted (in Rs.)   |          | (6.77)                                    | (8.40)                                    |
| Significant Accounting Policies   | 1        |   |   |
| Notes are an integral part of the Financial Statements                            |          |   |   |

As per our Report of Even Date  
For Manubhai & Shah LLP  
Chartered Accountants  
FRN 106041W/W100136



Ashish Shah  
Partner  
Membership No.103750  
Place: Mumbai  
May 15,2019

Sanjay Verma  
Chief Executive Officer

A. K. Das  
Director  
DIN: 00122913

R. Ravishankar  
Chief Financial Officer

For and on behalf of the board

S. K. Tripathi  
Director  
DIN: 06431686

S. Raja  
Company Secretary

Ashley Aviation Limited  
CIN : U66030TN2008PLC122350

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

| Particulars   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| <b>Cash flow from operating activities</b>  |                              |                              |
| Loss for the year   | (288.56)                     | (336.18)                     |
| Adjustments for:  |                              |                              |
| Depreciation and amortisation expense   | 2.50                         | 1.32                         |
| Provision for compensated absences & gratuity   | 2.35                         | 6.73                         |
| Net gain arising on financial assets measured at FVTPL                                | (2.64)                       |                              |
| Net unrealised foreign exchange (gain)/loss   | 0.30                         |                              |
| Finance costs   | 56.14                        | 56.16                        |
| Allowance for doubtful and advances   | -                            | 55.43                        |
| Interest income   | (2.10)                       | (1.02)                       |
| <b>Operating loss before working capital changes</b>                                  | <b>(232.01)</b>              | <b>(217.56)</b>              |
| Adjustments for changes in:   |                              |                              |
| Trade receivables   | 106.01                       | 111.38                       |
| Non-current and current financial assets  | (106.50)                     | (10.83)                      |
| Other non-current and current assets  | (30.55)                      | (33.58)                      |
| Trade payables  | 116.37                       | 295.87                       |
| Non-current and current financial liabilities   | (11.25)                      | 11.07                        |
| Other non-current and current liabilities   | (48.84)                      | (54.09)                      |
| Other non-current and current provisions  | 22.88                        | -                            |
| <b>Cash generated from operations</b>   | <b>(183.89)</b>              | <b>102.27</b>                |
| Income tax refund (net of tax paid)   | 8.49                         | (23.11)                      |
| <b>Net cash (used in) / from operating activities</b>                                 | <b>[A] (175.40)</b>          | <b>79.16</b>                 |
| <b>Cash flow from investing activities</b>  |                              |                              |
| Purchase of property, plant & equipment   | (7.16)                       | (0.12)                       |
| Purchase of current investments   | (120.00)                     |                              |
| Sale of current investments   | 122.64                       |                              |
| Interest received   | 2.10                         | 1.02                         |
| <b>Net cash (used in) / from investing activities</b>                                 | <b>[B] (2.42)</b>            | <b>0.90</b>                  |
| <b>Cash flow from financing activities</b>  |                              |                              |
| Issue of Equity Share Capital   | 500.00                       | -                            |
| Proceeds from current borrowings  | -                            | 70.00                        |
| Repayments of current borrowings  | (225.00)                     | (245.00)                     |
| Interest paid   | (24.13)                      | (25.56)                      |
| <b>Net cash flow from / (used in) financing activities</b>                            | <b>[C] 250.87</b>            | <b>(200.56)</b>              |
| <b>Net cash Inflow / (Outflow)</b>  | <b>[A+B+C] 73.05</b>         | <b>(120.50)</b>              |
| <b>Opening cash and cash equivalents</b>  | <b>24.99</b>                 | <b>145.49</b>                |
| <b>Closing cash and cash equivalents [Refer Note 1.7 to the financial statements]</b> | <b>98.04</b>                 | <b>24.99</b>                 |

As per our Report of Even Date  
For Manubhai & Shah LLP  
Chartered Accountants  
FRN 106041W/W100136



Ashish Shah  
Partner  
Membership No. 103750  
Place: Mumbai  
May 15, 2019

For and on behalf of the board

A. K. Das  
Director  
DIN: 00122913

S. K. Tripathi  
Director  
DIN: 06431686

Sanjay Verma  
Chief Executive Officer

R. Ravishankar  
Chief Financial Officer

S. Raja  
Company Secretary

Ashley Aviation Limited

CIN : U6030TN2008PLC122350

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

A. Equity Share Capital

| Particulars                 | Rs. Lakhs                            |   |                                      |
|-----------------------------|--------------------------------------|---|--------------------------------------|
|                             | Balance at the end of March 31, 2018 | Changes in equity share capital during the year | Balance at the end of March 31, 2019 |
| Balance as at April 1, 2017 | 400.00                               | -   | 400.00                               |
|                             |                                      | 500.00  | 900.00                               |

B. Other Equity

| Particulars                             | Reserves and Surplus                                |                 |                 |                   | Total      |
|---|---|-----------------|-----------------|-------------------|------------|
|   | Equity component of Non-cumulative preference share | Capital Reserve | General Reserve | Retained Earnings |            |
| Balance as at April 1, 2017             |   |                 |                 | (944.51)          | (944.51)   |
| During the year                         | 101.10  |                 |                 |                   | 101.10     |
| Loss for the year                       |   |                 |                 | (336.18)          | (336.18)   |
| Other comprehensive income for the year |   |                 |                 | 0.20              | 0.20       |
| Balance as at April 1, 2018             | 101.10  | -               | -               | (1,280.49)        | (1,179.39) |
| During the year                         |   |                 |                 |                   | -          |
| Loss for the year                       |   |                 |                 | (288.56)          | (288.56)   |
| Other comprehensive income for the year |   |                 |                 | 1.63              | 1.63       |
| Balance as at March 31, 2019            | 101.10  | -               | -               | (1,567.42)        | (1,466.32) |



Ashley Aviation Limited  
CIN : U66030TN2008PLC122350

Notes forming part of the financial statements for the year ended March 31, 2019

1.1 PROPERTY, PLANT AND EQUIPMENT

| DESCRIPTION                         | GROSS CARRYING AMOUNT |             |           |              |                 | DEPRECIATION           |           |                 |                 | NET CARRYING VALUE |
|-------------------------------------|-----------------------|-------------|-----------|--------------|-----------------|------------------------|-----------|-----------------|-----------------|--------------------|
|                                     | 01.04.2018            | Additions   | Disposals | 31.03.2019   | Upto 31.03.2018 | Charge during the year | Disposals | Upto 31.03.2019 | Upto 31.03.2019 |                    |
|                                     |                       |             |           |              |                 |                        |           |                 |                 |                    |
| Property, plant and equipment (PPE) |                       |             |           |              |                 |                        |           |                 |                 |                    |
| Plant and equipment                 | 4.73                  | -           | -         | 4.73         | 2.52            | 0.34                   | -         | 2.86            | 1.87            |                    |
| Furniture and fittings              | 2.03                  | -           | -         | 2.03         | 1.22            | 0.21                   | -         | 1.43            | 0.60            |                    |
| Computers                           | 1.75                  | 0.58        | -         | 2.33         | 1.23            | 0.64                   | -         | 1.87            | 0.46            |                    |
| Office Equipment                    | 0.04                  | 6.58        | -         | 6.62         | 0.02            | 1.31                   | -         | 1.33            | 5.29            |                    |
| <b>TOTAL</b>                        | <b>8.55</b>           | <b>7.16</b> | <b>-</b>  | <b>15.71</b> | <b>4.99</b>     | <b>2.50</b>            | <b>-</b>  | <b>7.49</b>     | <b>8.22</b>     |                    |

Rs. Lakhs



1.1 PROPERTY, PLANT AND EQUIPMENT

| DESCRIPTION            | GROSS CARRYING AMOUNT               |             |           |             | DEPRECIATION    |                        |           | NET CARRYING VALUE |                 |
|------------------------|-------------------------------------|-------------|-----------|-------------|-----------------|------------------------|-----------|--------------------|-----------------|
|                        | 01.04.2017                          | Additions   | Disposals | 31.03.2018  | Upto 31.03.2017 | Charge during the year | Disposals |                    | Upto 31.03.2018 |
|                        | Property, plant and equipment (PPE) |             |           |             |                 |                        |           |                    |                 |
| Plant and equipment    | 4.73                                | -           | -         | 4.73        | 2.12            | 0.40                   | -         | 2.21               |                 |
| Furniture and fittings | 2.03                                | -           | -         | 2.03        | 0.92            | 0.30                   | -         | 0.81               |                 |
| Computers              | 1.63                                | 0.12        | -         | 1.75        | 0.61            | 0.62                   | -         | 0.52               |                 |
| Office Equipment       | 0.04                                | -           | -         | 0.04        | 0.02            | -                      | -         | 0.02               |                 |
| <b>TOTAL</b>           | <b>8.43</b>                         | <b>0.12</b> | <b>-</b>  | <b>8.55</b> | <b>3.67</b>     | <b>1.32</b>            | <b>-</b>  | <b>3.56</b>        |                 |

INTANGIBLE ASSETS

| DESCRIPTION                  | GROSS CARRYING AMOUNT |           |           |             | AMORTISATION    |                        |           | NET CARRYING VALUE |                 |
|------------------------------|-----------------------|-----------|-----------|-------------|-----------------|------------------------|-----------|--------------------|-----------------|
|                              | 01.04.2017            | Additions | Disposals | 31.03.2018  | Upto 31.03.2017 | Charge during the year | Disposals |                    | Upto 31.03.2018 |
|                              | Intangible assets     |           |           |             |                 |                        |           |                    |                 |
| Computer software - Acquired | 0.04                  | -         | -         | 0.04        | 0.04            | -                      | -         | 0.04               |                 |
| <b>TOTAL</b>                 | <b>0.04</b>           | <b>-</b>  | <b>-</b>  | <b>0.04</b> | <b>0.04</b>     | <b>-</b>               | <b>-</b>  | <b>0.04</b>        |                 |



Ashley Aviation Limited

CIN : U66030TN2008PLC122350

Notes forming part of the financial statements for the year ended March 31, 2019

**1.2 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS**

| DESCRIPTION   | As at<br>March 31, 2019 |           | As at<br>March 31, 2018 |           |
|---|-------------------------|-----------|-------------------------|-----------|
|   | Nos                     | Rs. Lakhs | Nos                     | Rs. Lakhs |
| <b>In Equity Shares of Other Companies</b>  |                         |           |                         |           |
| Unquoted, fully paid  |                         |           |                         |           |
| Carried at fair value through profit and loss   |                         |           |                         |           |
| Equity Shares of Rials 10,00,000/- each fully paid in Indiran Engineering Projects & Systems KISH | 878                     | -         | 878                     | -         |
| <b>Total Investments in Equity Instruments</b>  | <b>878</b>              | <b>-</b>  | <b>878</b>              | <b>-</b>  |



|   | As at March 31, 2019<br>Rs. Lakhs | As at March 31, 2018<br>Rs. Lakhs |
|---|-----------------------------------|-----------------------------------|
| <b>1.3 NON-CURRENT FINANCIAL ASSETS - LOANS</b>                   |                                   |                                   |
| Unsecured   |                                   |                                   |
| a) Security deposits  |                                   |                                   |
| (i) Considered good   | 66.99                             | 54.68                             |
| (ii) Credit impaired  | 47.80                             | 47.80                             |
|   | 114.79                            | 102.48                            |
| Less: Allowance for doubtful debts                                | 47.80                             | 47.80                             |
|   | 66.99                             | 54.68                             |
| <b>1.4 NON CURRENT TAX ASSETS (NET)</b>                           |                                   |                                   |
| Advance income tax (net of provision)                             | 21.40                             | 24.88                             |
|   | 21.40                             | 24.88                             |
| <b>1.5 OTHER NON-CURRENT ASSETS</b>                               |                                   |                                   |
| <u>Advances other than capital advances</u>                       |                                   |                                   |
| Balance with Government Authorities                               | -                                 | 8.16                              |
| Prepayment under operating lease                                  | 2.36                              | -                                 |
|   | 2.36                              | 8.16                              |
| <b>1.6 TRADE RECEIVABLES</b>                                      |                                   |                                   |
| Trade Receivables - Unsecured                                     |                                   |                                   |
| (i) Considered good - Due for less than 6 months                  | 93.91                             | 199.92                            |
| (ii) Credit impaired - Due for more than 6 months                 | 7.63                              | 7.63                              |
|   | 101.54                            | 207.55                            |
| Less: Allowance for doubtful debts                                | 7.63                              | 7.63                              |
|   | 93.91                             | 199.92                            |
| <b>1.7 CASH AND CASH EQUIVALENTS</b>                              |                                   |                                   |
| Cash and Cash Equivalents   |                                   |                                   |
| i) Balances with Banks:   |                                   |                                   |
| - in Current accounts   | 47.80                             | 24.99                             |
| - in Deposit with original maturity of less than 3 months         | 50.24                             | -                                 |
| ii) Cash on hand  | -                                 | -                                 |
|   | 98.04                             | 24.99                             |
| <b>1.8 CURRENT ASSETS - LOANS</b><br>(Unsecured, considered good) |                                   |                                   |
| Loans to Others   | -                                 | 0.31                              |
|   | -                                 | 0.31                              |
| <b>1.9 A Other Current Financial Assets</b>                       |                                   |                                   |
| Unbilled revenue*   | -                                 | 11.51                             |
| * Refer Note 12   | -                                 | 11.51                             |
| <b>1.9 B Contract Assets</b>                                      |                                   |                                   |
| Unbilled revenue*   | 106.00                            | -                                 |
| * Refer Note 12   | 106.00                            | -                                 |
| <b>1.10 CURRENT TAX ASSETS (NET)</b>                              |                                   |                                   |
| Advance income tax  | 15.08                             | 20.09                             |
|   | 15.08                             | 20.09                             |
| <b>1.11 OTHER CURRENT ASSETS</b>                                  |                                   |                                   |
| a) Advances to Vendors  | 8.63                              | 8.64                              |
| b) Balance with Government Authorities                            | 57.68                             | 27.33                             |
| c) Prepaid Expenses   | 49.67                             | 43.66                             |
|   | 115.98                            | 79.63                             |



Ashley Aviation Limited  
CIN : U66030TN2008PLC122350

Notes forming part of the financial statements for the year ended March 31, 2019

|   | As at March 31, 2019<br>Rs. Lakhs | As at March 31, 2018<br>Rs. Lakhs |
|---|-----------------------------------|-----------------------------------|
| <b>1.12 EQUITY SHARE CAPITAL</b>  |                                   |                                   |
| <b>Authorised</b>   |                                   |                                   |
| 110,00,000 Equity shares of Rs.10 each<br>(PY: 40,00,000 Equity Shares) | 1,100.00                          | 400.00                            |
|   | <b>1,100.00</b>                   | <b>400.00</b>                     |
| <b>Issued</b>   |                                   |                                   |
| <b>a) Equity shares</b>   |                                   |                                   |
| 90,00,000 Equity shares of Rs.10 each<br>(PY: 40,00,000 Equity Shares)  | 900.00                            | 400.00                            |
|   | <b>900.00</b>                     | <b>400.00</b>                     |
| <b>Subscribed and fully paid up</b>                                     |                                   |                                   |
| <b>a) Equity shares</b>   |                                   |                                   |
| 90,00,000 Equity shares of Rs.10 each<br>(PY : 40,00,000 Equity Shares) | 900.00                            | 400.00                            |
|   | <b>900.00</b>                     | <b>400.00</b>                     |



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

|                                    | As at March 31, 2019 |            | As at March 31, 2018 |            |
|------------------------------------|----------------------|------------|----------------------|------------|
|                                    | Nos.                 | Rs.        | Nos.                 | Rs.        |
| Equity Shares                      |                      |            |                      |            |
| At the beginning of the year       | 4,000,000            | 40,000,000 | 4,000,000            | 40,000,000 |
| Add : Issued during the year       | 5,000,000            | 50,000,000 | -                    | -          |
| Outstanding at the end of the year | 9,000,000            | 90,000,000 | 4,000,000            | 40,000,000 |

b) Shares Held by the Holding Company

|   | As at March 31, 2019 |               | As at March 31, 2018 |               |
|---|----------------------|---------------|----------------------|---------------|
|   | % of Holding         | Nos of Shares | % of Holding         | Nos of Shares |
| Equity Shares :-                                    |                      |               |                      |               |
| Ashok Leyland Ltd.(along with beneficial ownership) | 100.00               | 9,000,000     | 49.00                | 1,960,000     |

c) Details of Shareholder's holding more than 5% shares in the company  
Equity Shares :

| Name of the Share holders                              | As at March 31, 2019 |               | As at March 31, 2018 |               |
|--|----------------------|---------------|----------------------|---------------|
|  | % of Holding         | Nos of Shares | % of Holding         | Nos of Shares |
| i) Ashok Leyland Ltd (along with beneficial ownership) | 100.00               | 9,000,000     | 49.00                | 1,960,000     |

d) Rights & restrictions attached to Equity Shares

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each Shareholder is entitled for one vote per share held. As per the Companies Act, 2013 the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts in the event of the liquidation of the company. The Distribution will be in the proportion to the number of Equity Shares held by each shareholder.



Ashley Aviation Limited  
 CIN : U66030TN2008PLC122350

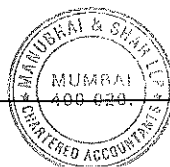
Notes forming part of the financial statements for the year ended March 31, 2019

|   | As at March 31, 2019<br>Rs. Lakhs | As at March 31, 2018<br>Rs. Lakhs |
|---|-----------------------------------|-----------------------------------|
| <b>1.13 OTHER EQUITY</b>  |                                   |                                   |
| Equity component of Non-cumulative Preference Shares                                    | 101.10                            | 101.10                            |
| <b>Total (A)</b>  | <b>101.10</b>                     | <b>101.10</b>                     |
| <u>Retained Earnings</u>  |                                   |                                   |
| As per the last Balance Sheet   | (1,280.49)                        | (944.51)                          |
| Add: Net Loss for the year  | (288.56)                          | (336.18)                          |
| <u>Items of other comprehensive Income recognized directly in the Retained earnings</u> |                                   |                                   |
| Remeasurement of defined benefit obligation net of Income Tax                           | 1.63                              | 0.20                              |
| <b>Balance as at the end of the year (B)</b>  | <b>(1,567.42)</b>                 | <b>(1,280.49)</b>                 |
|   |                                   |                                   |
| <b>Total (A+B)</b>  | <b>(1,466.32)</b>                 | <b>(1,179.39)</b>                 |



Notes forming part of the financial statements for the year ended March 31, 2019

|  | As at March 31, 2019<br>Rs. Lakhs | As at March 31, 2018<br>Rs. Lakhs |
|--|-----------------------------------|-----------------------------------|
| <b>1.14 NON CURRENT BORROWINGS</b>   |                                   |                                   |
| <b>Unsecured</b>   |                                   |                                   |
| i. 6% Cumulative Redeemable Non Convertible Preference Share   | 234.50                            | 223.70                            |
| ii. 6% Non Cumulative Redeemable Non Convertible Preference Share  | 335.85                            | 316.83                            |
|  | <b>570.35</b>                     | <b>540.53</b>                     |
| <b>Note:</b>   |                                   |                                   |
| 1) 6% Cumulative Redeemable Non Convertible Preference shares (CRNCPS) were issued on 14.03.2014 are redeemable at par at the end of 5 years or earlier at the option of the company in one or more tranches. The same has been extended for a further period of 2 years by Board Resolution dated 12.10.2018. 2) 6% Non Cumulative Redeemable Non Convertible Preference shares (NCRNCPS) of Rs.10/- each allotted on 30.03.2017 are redeemable at par at the end of 5 years or earlier at the option of the company in one or more tranches. |                                   |                                   |
|  | As at March 31, 2019<br>Rs. Lakhs | As at March 31, 2018<br>Rs. Lakhs |
| <b>1.15 OTHER NON-CURRENT FINANCIAL LIABILITIES</b>  |                                   |                                   |
| Others   | 11.10                             | 8.90                              |
|  | <b>11.10</b>                      | <b>8.90</b>                       |
| <b>1.16 NON-CURRENT PROVISIONS</b>   |                                   |                                   |
| Provision for Employee Benefits  |                                   |                                   |
| i. Compensated absences  | 7.11                              | 9.28                              |
| ii. Gratuity   | 11.19                             | 10.05                             |
|  | <b>18.30</b>                      | <b>19.33</b>                      |
| <b>1.17 CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>   |                                   |                                   |
| <b>Unsecured</b>   |                                   |                                   |
| Loans from others - repayable on demand  | -                                 | 225.00                            |
|  | <b>-</b>                          | <b>225.00</b>                     |
| <b>1.18 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES</b>   |                                   |                                   |
| Trade payables - including acceptances   |                                   |                                   |
| - Total outstanding dues of micro and small enterprises  | -                                 | -                                 |
| - Total outstanding dues of creditors other than micro and small enterprises   | 447.03                            | 330.36                            |
|  | <b>447.03</b>                     | <b>330.36</b>                     |
| <b>1.19 CURRENT FINANCIAL LIABILITIES - OTHERS</b>   |                                   |                                   |
| Other Payables   | 2.24                              | 13.49                             |
|  | <b>2.24</b>                       | <b>13.49</b>                      |
| <b>1.20 OTHER CURRENT LIABILITIES</b>  |                                   |                                   |
| a) Revenue received in advance   | -                                 | 50.48                             |
| b) Statutory Payables  | 20.49                             | 18.85                             |
|  | <b>20.49</b>                      | <b>69.33</b>                      |
| <b>1.21 CURRENT - PROVISIONS</b>   |                                   |                                   |
| a) Provision for employee benefits   |                                   |                                   |
| i. Compensated absences  | 0.09                              | 0.10                              |
| ii. Gratuity   | 0.11                              | 0.08                              |
| b) Others *  | 24.59                             | -                                 |
|  | <b>24.79</b>                      | <b>0.18</b>                       |
| <b>* Movement in Provision for others is as follows:</b>   | <b>March 2019</b>                 | <b>March 2018</b>                 |
| Opening  | -                                 | -                                 |
| Add: Additions   | 24.59                             | -                                 |
| Less: Utilisations / Reversals   | -                                 | -                                 |
| Closing  | <b>24.59</b>                      | <b>-</b>                          |



| Ashley Aviation Limited<br>CIN : U66030TN2008PLC122350  |   |   |
|---|---|---|
| Notes forming part of the financial statements for the year ended March 31, 2019  |   |   |
|   | Year ended March<br>31, 2019<br>Rs. Lakhs | Year ended<br>March 31, 2018<br>Rs. Lakhs |
| <b>2.1 REVENUE FROM OPERATIONS</b>  |   |   |
| <u>Revenue from services</u>  |   |   |
| a) Aircraft Charter Income  | 806.22                                    | 892.84                                    |
| b) Operating Expenses Reimbursement   | 115.36                                    | 138.60                                    |
| Less: Ground Handling/Watch Extension Charges   | (65.83)                                   | (81.54)                                   |
| <u>Other Operating Revenue</u>  |   |   |
| a) Others   | 0.50                                      | 9.00                                      |
|   | <b>856.25</b>                             | <b>958.90</b>                             |
| <u>Disaggregation of revenue</u>  |   |   |
| Revenue within India  | 840.11                                    |   |
| Revenue outside India   | 16.14                                     |   |
| Total revenue from contract with customers  | <b>856.25</b>                             |   |
| IND AS 115 is applicable from 1st April 2018 and the Company has adopted modified retrospective approach of accounting under IND AS 115. The revenue for the period ended March 31, 2019 is not comparable with revenue for the period ended March 31, 2018. Comparative prior period information has not been adjusted. The Company has applied the revenue standard only to contracts that are not completed as at the date of initial application. |   |   |
| <b>2.2 OTHER INCOME</b>   |   |   |
| a) Interest income from<br>Financial asset at amortised cost  | 2.10                                      | 1.02                                      |
| b) Other Gains and Losses   |   |   |
| i. Foreign exchange gain - net  | -   | -   |
| ii. Others  | 5.27                                      | 2.27                                      |
| c) Net gain arising on financial assets measured at FVTPL   | 2.64                                      | -   |
|   | <b>10.01</b>                              | <b>3.29</b>                               |
| <b>2.3 COST OF OPERATING EXPENSES</b>   |   |   |
| <u>Operating expenses:</u>  |   |   |
| Aircraft Fuel Expenses  | 189.37                                    | 210.22                                    |
| Aircraft Lease  | 225.00                                    | 225.28                                    |
| Aircraft Food, beverage & Other Expenses  | 9.79                                      | 10.26                                     |
| Data Subscription   | 29.16                                     | 26.21                                     |
| Route Navigation Facility Charges   | 6.81                                      | 7.31                                      |
| Other Operating Expenses  | 54.29                                     | 64.28                                     |
|   | <b>514.42</b>                             | <b>543.56</b>                             |
| <b>2.4 EMPLOYEE BENEFITS EXPENSE</b>  |   |   |
| a) Salaries and bonus   | 280.40                                    | 247.73                                    |
| b) Contribution to provident and other funds  | 3.16                                      | 3.03                                      |
| c) Staff Welfare expenses   | 1.60                                      | 1.51                                      |
|   | <b>285.16</b>                             | <b>252.27</b>                             |
| <b>2.5 FINANCE COSTS</b>  |   |   |
| a) Interest on financial liabilities at amortised cost  | 24.13                                     | 25.23                                     |
| b) Dividend on redeemable preference shares (including Dividend Distribution tax Rs.2.19 lakhs: FY'18: Rs.2.19 lakhs)   | 13.00                                     | 13.00                                     |
| c) Unwinding of Preference share liability  | 19.01                                     | 17.93                                     |
|   | <b>56.14</b>                              | <b>56.16</b>                              |
| <b>2.6 DEPRECIATION AND AMORTISATION EXPENSE</b>  |   |   |
| Depreciation of property plant and equipment  | 2.50                                      | 1.32                                      |
|   | <b>2.50</b>                               | <b>1.32</b>                               |
| <b>2.7 OTHER EXPENSES</b>   |   |   |
| <u>Auditor's Remuneration</u>   |   |   |
| - Audit Fees  | 1.00                                      | 1.00                                      |
| - Tax Audit Fees  | 0.25                                      | 0.25                                      |
| - Other Services  | -   | 0.30                                      |
| Rates and Taxes   | 5.25                                      | -   |
| Foreign Exchange Loss (net)   | 3.21                                      | 1.05                                      |
| Insurance Charges   | 8.25                                      | 10.00                                     |
| Legal & Professional Fees   | 8.31                                      | 5.64                                      |
| Rent expenses   | 1.82                                      | 0.80                                      |
| <u>Repairs &amp; Maintenance</u>  |   |   |
| - Plant & Machinery   | 92.69                                     | 160.28                                    |
| - Others  | 0.29                                      | -   |
| Consumption of spares   | 60.39                                     | 93.95                                     |
| Share Issue Expenses  | -   | 0.40                                      |
| Telephone Expenses  | 1.44                                      | 1.23                                      |
| Crew Accomodation and Transportation charges  | 60.29                                     | 55.90                                     |
| Training Expenses   | 35.63                                     | 27.95                                     |
| Allowance for doubtful debts and advances   | -   | 55.43                                     |
| Miscellaneous expenses  | 17.78                                     | 30.88                                     |
|   | <b>296.60</b>                             | <b>445.06</b>                             |



Notes forming part of the financial statements for the year ended March 31, 2019

|      |  |         |                                    |         |           |
|------|--|---------|------------------------------------|---------|-----------|
| 3    | Disclosures as required by Indian Accounting standard (Ind As) 19 employee benefits  |         |                                    |         |           |
|      | <b>(a) Defined Contribution Plan</b>   |         |                                    |         |           |
|      | The company has Defined Contribution Plan for post employment benefit i.e. Provident Fund where under the company contributes to a Government administered Provident Fund on behalf of its employees and has no further obligation beyond making its contribution. The company's contributions to the above fund are charged to the revenue every year. Contribution to Provident Fund expensed during the year Rs.3.16 Lakhs (FY'18; Rs.3.03 lakhs) |         |                                    |         |           |
|      | <b>(b) Defined Benefit Plan</b>  |         |                                    |         |           |
|      | The Company has un-funded Defined Benefit Plans namely Gratuity and Leave encashment covering its employees, the liabilities in respect of which are determined on the basis of actuarial valuation at the year-end using Projected Unit Credit Method.  |         |                                    |         |           |
|      | In accordance with Indian Accounting Standard 19 (Ind As 19) 'Employee Benefits', the Company had actuarial valuation of the liability in respect of the aforesaid defined benefit plans, using the Projected Unit Credit Method and based on the following assumptions :  |         |                                    |         |           |
| i)   | <b>Financial Assumptions</b>   |         |                                    |         |           |
|      | <b>Gratuity (Unfunded)</b>   |         | <b>Leave encashment (Unfunded)</b> |         |           |
|      | Particulars  | 2018-19 | 2017-18                            | 2018-19 | 2017-18   |
|      | Discount rate (per annum)  | 7.65%   | 7.50%                              | 7.65%   | 7.50%     |
|      | Rate of increase in compensation levels  | 10%     | 10%                                | 10%     | 10%       |
| ii)  | <b>Demographics Assumptions</b>  |         |                                    |         |           |
|      | <b>Gratuity (Unfunded)</b>   |         | <b>Leave encashment (Unfunded)</b> |         |           |
|      | Particulars  | 2018-19 | 2017-18                            | 2018-19 | 2017-18   |
|      | Mortality Rate (As % of IALM (2006-08) (Mod.) Ult. Mortality   | 100%    | 100%                               | 100%    | 100%      |
|      | Disability Rate (As % of above mortality rate)   | 0.00%   | 0.00%                              | 0.00%   | 0.00%     |
|      | Attrition Rate   | 1.00%   | 1.00%                              | 1.00%   | 1.00%     |
|      | Normal Retire Age  | 60      | 60                                 | 60      | 60        |
|      | Leave Encashment During the employment   | -       | -                                  | 0.00%   | 0.00%     |
|      | Leave Availment Rate   | -       | -                                  | 0.24%   | 0.24%     |
|      | Average Future Service   | 18.00   | 20.16                              | -       | -         |
| iii) | <b>Changes in Present value of obligations during the year</b>   |         |                                    |         |           |
|      |  |         |                                    |         | Rs. Lakhs |
|      | <b>Gratuity (Unfunded)</b>   |         | <b>Leave encashment (Unfunded)</b> |         |           |
|      | Particulars  | 2018-19 | 2017-18                            | 2018-19 | 2017-18   |
|      | Present Value of Obligations at the beginning of the year  | 10.13   | 6.71                               | 9.38    | 6.27      |
|      | Interest cost  | 0.76    | 0.50                               | 0.64    | 0.47      |
|      | Service cost   | 2.04    | 3.06                               | 1.45    | 2.69      |
|      | Benefits paid  | -       | -                                  | (1.74)  | -         |
|      | Remeasurements - Due to Demographic Assumptions  | -       | -                                  | -       | -         |
|      | Remeasurements - Due to Financial Assumptions  | (0.22)  | -                                  | (0.15)  | -         |
|      | Remeasurements - Due to Experience Adjustments   | (1.41)  | (0.15)                             | (2.39)  | (0.05)    |
|      | Defined Benefit Obligation at the end  | 11.30   | 10.13                              | 7.20    | 9.38      |
| iv)  | <b>Changes in Fair Value of Plan Assets</b>  |         |                                    |         |           |
|      |  |         |                                    |         | Rs. Lakhs |
|      | <b>Gratuity (Unfunded)</b>   |         | <b>Leave encashment (Unfunded)</b> |         |           |
|      | Particulars  | 2018-19 | 2017-18                            | 2018-19 | 2017-18   |
|      | Fair Value of Plan Assets at the beginning   | -       | -                                  | -       | -         |
|      | Interest Income  | -       | -                                  | -       | -         |
|      | Employer Contributions   | -       | -                                  | -       | -         |
|      | Employer Direct Benefit Payments   | -       | -                                  | -       | -         |
|      | Employer Direct Settlement Payments  | -       | -                                  | -       | -         |
|      | Benefits payment from Plan Assets  | -       | -                                  | -       | -         |
|      | Benefits Payment from Employer   | -       | -                                  | -       | -         |
|      | Settlement Payments from Plan Assets   | -       | -                                  | -       | -         |
|      | Settlement Payments from Employer  | -       | -                                  | -       | -         |
|      | Other (Employee Contributions, Taxes, Expenses)  | -       | -                                  | -       | -         |
|      | Increase/(Decrease) due to effect of any business combination / (divestiture/transfer)   | -       | -                                  | -       | -         |
|      | Increase / (Decrease) due to Plan combination  | -       | -                                  | -       | -         |
|      | Remeasurements - Return on Assets (Excluding Interest Income)  | -       | -                                  | -       | -         |
|      | Fair Value of Plan Assets at the end   | -       | -                                  | -       | -         |
| v)   | <b>Components of Defined Benefit Cost</b>  |         |                                    |         |           |
|      |  |         |                                    |         | Rs. Lakhs |
|      | <b>Gratuity (Unfunded)</b>   |         | <b>Leave encashment (Unfunded)</b> |         |           |
|      | Particulars  | 2018-19 | 2017-18                            | 2018-19 | 2017-18   |
|      | Current Service Cost   | 2.04    | 3.06                               | 1.45    | 2.69      |
|      | Past Service Cost  | -       | -                                  | -       | -         |
|      | (Gain) / Loss on Settlements   | -       | -                                  | -       | -         |
|      | Reimbursement Service Cost   | -       | -                                  | -       | -         |
|      | Total Service Cost   | 2.04    | 3.06                               | 1.45    | 2.69      |
|      | Interest Expense on DBO  | 0.76    | 0.50                               | 0.64    | 0.47      |
|      | Interest (Income) on Plan Assets   | -       | -                                  | -       | -         |
|      | Interest (Income) on Reimbursement Rights  | -       | -                                  | -       | -         |
|      | Interest Expense on (Asset Ceiling) / Onerous Liability  | -       | -                                  | -       | -         |
|      | Total Net Interest Cost  | 0.76    | 0.50                               | 0.64    | 0.47      |
|      | Reimbursement of Other Long Term Benefits  | -       | -                                  | -       | -         |
|      | Defined Benefit Cost included in P & L   | 2.80    | 3.57                               | 2.09    | 3.16      |
|      | Remeasurements - Due to Demographic Assumptions  | -       | -                                  | (0.15)  | -         |
|      | Remeasurements - Due to Financial Assumptions  | (0.22)  | -                                  | (2.39)  | -         |
|      | Remeasurements - Due to Experience Adjustments   | (1.41)  | (0.15)                             | -       | (0.05)    |
|      | (Return) on Plan Assets (Excluding Interest Income)  | -       | -                                  | -       | -         |
|      | (Return) on Reimbursement Rights   | -       | -                                  | -       | -         |
|      | Changes in Asset Ceiling / Onerous Liability   | -       | -                                  | -       | -         |
|      | Total Remeasurements in OCI & P&L  | (1.63)  | (0.15)                             | (2.54)  | (0.05)    |
|      | Total Defined Benefit Cost recognized in P&L and OCI   | 1.17    | 3.42                               | (0.45)  | 3.11      |
|      | Discount Rate  | 7.65%   | 7.50%                              | 7.65%   | 7.50%     |
|      | Salary Escalation Rate   | 10%     | 10%                                | 10%     | 10%       |



|  |  |                     |                       |                             |                       |  |
|--|--|---------------------|-----------------------|-----------------------------|-----------------------|--|
| vi)  | <b>Bifurcation of Present Value of Obligations at the end of the valuation period as per Schedule III of the Companies Act, 2013</b> Rs. Lakhs |                     |                       |                             |                       |  |
|  | Particulars  | Gratuity (Unfunded) |                       | Leave encashment (Unfunded) |                       |  |
|  |  | 2018-19             | 2017-18               | 2018-19                     | 2017-18               |  |
| Current Liabilities  | 0.11   | 0.08                | 0.09                  | 0.10                        |                       |  |
| Non-Current Liabilities  | 11.19  | 10.05               | 7.11                  | 9.28                        |                       |  |
| vii)   | <b>Amounts recognized in the statement of Financial Position</b> Rs. Lakhs   |                     |                       |                             |                       |  |
|  | Particular   | Gratuity (Unfunded) |                       | Leave encashment (Unfunded) |                       |  |
|  |  | 2018-19             | 2017-18               | 2018-19                     | 2017-18               |  |
|  | Defined Benefit Obligation   | 11.30               | 10.13                 | 7.19                        | 9.38                  |  |
|  | Fair Value of Plan Assets  | -                   | -                     | -                           | -                     |  |
|  | Funded Status  | 11.30               | 10.13                 | 7.19                        | 9.38                  |  |
|  | Effect of Asset Ceiling /Onerous Liability   | -                   | -                     | -                           | -                     |  |
| Net Defined Benefit Liability (Assets)   | 11.30  | 10.13               | 7.19                  | 9.38                        |                       |  |
| Of which, Short term Liability   | 0.11   | 0.08                | 0.09                  | 0.10                        |                       |  |
| viii)  | <b>Net Defined Benefit Liability/ (Assets) reconciliation</b> Rs. Lakhs  |                     |                       |                             |                       |  |
|  | Particular   | Gratuity (Unfunded) |                       | Leave encashment (Unfunded) |                       |  |
|  |  | 2018-19             | 2017-18               | 2018-19                     | 2017-18               |  |
|  | Net Defined benefit Liability / (Assets) at the beginning  | 10.13               | 6.71                  | 9.38                        | 6.27                  |  |
|  | Defined Benefit Cost included in P & L   | 2.80                | 3.57                  | 2.09                        | 3.16                  |  |
|  | Total Remeasurements included in OCI and P&L   | (1.63)              | (0.15)                | (2.54)                      | (0.05)                |  |
|  | Net Transfer In/(Out) (Including the effect of any business combination / divestiture)   | -                   | -                     | -                           | -                     |  |
|  | Amount recognized due to Plan Combinations   | -                   | -                     | -                           | -                     |  |
|  | Employer Contributions   | -                   | -                     | -                           | -                     |  |
|  | Employer Direct Benefit Payments   | -                   | -                     | (1.74)                      | -                     |  |
|  | Employer Direct Settlement Payments  | -                   | -                     | -                           | -                     |  |
|  | Credit to Reimbursements   | -                   | -                     | -                           | -                     |  |
| Net Defined benefit Liability / (Assets) at the end  | 11.30  | 10.13               | 7.19                  | 9.38                        |                       |  |
| ix)  | <b>Experience Adjustments on Present Value of DBP and Plan Assets</b> Rs. Lakhs  |                     |                       |                             |                       |  |
|  | Particular   | Gratuity (Unfunded) |                       | Leave encashment (Unfunded) |                       |  |
|  |  | 2018-19             | 2017-18               | 2018-19                     | 2017-18               |  |
|  | (Gain) / Loss on Plan Liabilities  | (1.41)              | (0.15)                | (2.39)                      | (0.05)                |  |
|  | % of Opening Plan Liabilities  | -13.88%             | -2.19%                | -25.53%                     | -0.82%                |  |
| (Gain) / Loss on Plan Assets   | -  | -                   | -                     | -                           |                       |  |
| x)   | <b>Maturity Profile of Defined Benefit Obligations</b> Rs. Lakhs   |                     |                       |                             |                       |  |
|  | Particular   | Gratuity (Unfunded) |                       | Leave encashment (Unfunded) |                       |  |
|  |  | 2018-19             | 2017-18               | 2018-19                     | 2017-18               |  |
|  | Year 1   | 0.11                | -                     | 0.09                        | -                     |  |
|  | Year 2   | 0.13                | -                     | 0.10                        | -                     |  |
|  | Year 3   | 0.15                | -                     | 0.11                        | -                     |  |
|  | Year 4   | 0.16                | -                     | 0.12                        | -                     |  |
|  | Year 5   | 0.18                | -                     | 0.13                        | -                     |  |
|  | Year 6   | 0.21                | -                     | 0.15                        | -                     |  |
|  | Year 7   | 0.23                | -                     | 0.16                        | -                     |  |
|  | Year 8   | 0.26                | -                     | 0.18                        | -                     |  |
| Year 9   | 3.69   | -                   | 1.30                  | -                           |                       |  |
| Year 10  | 0.24   | -                   | 0.20                  | -                           |                       |  |
| xi)  | <b>Sensitivity Analysis Method</b>   |                     |                       |                             |                       |  |
| Discount Rate, Salary Escalation Rate and Attrition Rate are Significant Actuarial Assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below :                |  |                     |                       |                             |                       |  |
| xii)   | <b>Summary of Financial &amp; Demographic Assumptions</b> Rs. Lakhs  |                     |                       |                             |                       |  |
|  | Scenario   | Gratuity (Unfunded) |                       | Leave encashment (Unfunded) |                       |  |
|  |  | DBO                 | Percentage Change     | DBO                         | Percentage Change     |  |
|  | Under Base Scenario  | 11.30               | 0.00%                 | 7.19                        | 0.00%                 |  |
|  | Salary Escalation - Up by 1%   | 12.91               | 14.20%                | 8.25                        | 14.70%                |  |
|  | Salary Escalation - down by 1%   | 9.92                | -12.20%               | 6.29                        | -12.50%               |  |
|  | Attrition Rates -Up by 1%  | 11.05               | -2.20%                | 7.03                        | -2.20%                |  |
| Attrition Rates -down by 1%  | 11.58  | 2.50%               | 7.38                  | 2.60%                       |                       |  |
| Discount Rates - Up by 1%  | 9.95   | -12.00%             | 6.31                  | -12.20%                     |                       |  |
| Discount Rates - down by 1%  | 12.90  | 14.20%              | 8.25                  | 14.60%                      |                       |  |
| Current service cost and interest expense on DBO for gratuity is recognised as part of Salaries and Wages in P&L. Current Service cost, remeasurements and interest expense on DBO for leave encashment is recognised as part of Salaries and Wages in P&L |  |                     |                       |                             |                       |  |
| 4  | <b>Foreign currency transactions</b>   |                     |                       |                             |                       |  |
| Expenditure in foreign currency  |  |                     | <b>Year ended</b>     | <b>Year ended</b>           |                       |  |
|  |  |                     | <b>March 31, 2019</b> | <b>March 31, 2018</b>       |                       |  |
|  |  |                     | Rs. Lakhs             | Rs. Lakhs                   |                       |  |
|  | Aircraft Operating Expenses  |                     | 66.10                 | 64.12                       |                       |  |
|  | Aircraft Fuel Expenses   |                     | 14.62                 | 8.74                        |                       |  |
|  | Spare Parts  |                     | 57.87                 | 89.46                       |                       |  |
|  | Training Cost  |                     | 28.07                 | 26.27                       |                       |  |
|  | Travelling Expenses  |                     | 11.87                 | 8.93                        |                       |  |
|  | <b>Total</b>   |                     | <b>178.52</b>         | <b>197.52</b>               |                       |  |
|  | Earnings in foreign currency   |                     |                       | <b>Year ended</b>           | <b>Year ended</b>     |  |
|  |  |                     |                       | <b>March 31, 2019</b>       | <b>March 31, 2018</b> |  |
|  |  | Rs. Lakhs           | Rs. Lakhs             |                             |                       |  |
| Charter Hiring Charges   |  |                     | 16.14                 | 44.41                       |                       |  |
| Incentive Income   |  | -                   | 2.16                  |                             |                       |  |
| <b>Total</b>   |  | <b>16.14</b>        | <b>46.57</b>          |                             |                       |  |



5 Related Party Disclosure as per IND AS 24

Holding Company:  
Ashok Leyland Ltd.

Key managerial Personnel:  
Sanjay Verma - CEO (With effect from March 13, 2019)

Related Party Transactions - summary

| Transaction during the year                     | 2018-19                | 2017-18                |
|---|------------------------|------------------------|
|   | Rs. Lakhs              | Rs. Lakhs              |
| <b>Holding Company</b>                          |                        |                        |
| Charter Hire Income                             | 21.21                  | 71.25                  |
| Aircraft Lease Rental (Excluding Tax)           | 225.00                 | 225.00                 |
| Office Rental (Excluding Tax)                   | 0.48                   | -                      |
| Reimbursement of expenses                       | 5.25                   | -                      |
| Issue of shares                                 | 500.00                 | -                      |
| <b>Total</b>                                    | <b>751.94</b>          | <b>296.25</b>          |
| <b>Compensation of key managerial personnel</b> |                        |                        |
| Short term employee benefits                    | 9.92                   | -                      |
|   | <b>As at 31.3.2019</b> | <b>As at 31.3.2018</b> |
|   | <b>Rs. Lakhs</b>       | <b>Rs. Lakhs</b>       |
| <b>Outstanding Balance</b>                      |                        |                        |
| Trade and other receivables                     | -                      | 2.11                   |
| Trade and other payables                        | 370.37                 | 259.96                 |

6 The financial statements indicate that the company has accumulated losses and its net worth has been fully eroded. The Company has incurred a net cash loss during the year and previous years and the company's current liabilities exceeded its current assets as at the Balance Sheet date. These conditions indicate the existence of a material uncertainty. However, the holding Company viz. Ashok Leyland Ltd. has informed the company of its intention of providing the financial support to the company to meet its financial obligations as they fall due and accordingly the financial statements have been prepared on a going concern basis.

7 Financial Instruments - Accounting Classifications and fair value measurements

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair Value of cash and short term deposits, trade and other short term receivables, trade payables other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Base on this evaluation, allowances are taken to account for the expected losses of these receivables.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

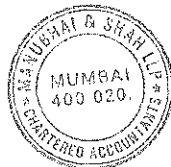
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

A) Financial Instrument by category

| Particulars                        | Rs. Lakhs            |       |                 |
|------------------------------------|----------------------|-------|-----------------|
|                                    | As at March 31, 2019 |       |                 |
|                                    | FVPL                 | FVOCI | Amortised Cost  |
| <b>Financial Assets</b>            |                      |       |                 |
| Investments in Equity Shares       |                      |       | -               |
| Security Deposits                  |                      |       | 66.99           |
| Trade Receivables                  |                      |       | 93.91           |
| Cash & Cash Equivalents            |                      |       | 98.04           |
| Other Receivables                  |                      |       | -               |
| <b>Total Financial Assets</b>      |                      |       | <b>258.94</b>   |
| <b>Financial Liabilities</b>       |                      |       |                 |
| Borrowings                         |                      |       | 570.35          |
| Trade Payables                     |                      |       | 447.03          |
| Other financial liabilities        |                      |       | 13.34           |
| <b>Total Financial Liabilities</b> |                      |       | <b>1,030.72</b> |

| Particulars                        | Rs. Lakhs            |       |                 |
|------------------------------------|----------------------|-------|-----------------|
|                                    | As at March 31, 2018 |       |                 |
|                                    | FVPL                 | FVOCI | Amortised Cost  |
| <b>Financial Assets</b>            |                      |       |                 |
| Investments in Equity Shares       |                      |       | -               |
| Security Deposits                  |                      |       | 54.68           |
| Trade Receivables                  |                      |       | 199.92          |
| Cash & Cash Equivalents            |                      |       | 24.99           |
| Other Receivables                  |                      |       | 11.82           |
| <b>Total Financial Assets</b>      |                      |       | <b>291.41</b>   |
| <b>Financial Liabilities</b>       |                      |       |                 |
| Borrowings                         |                      |       | 765.53          |
| Trade Payables                     |                      |       | 330.36          |
| Other financial liabilities        |                      |       | 22.39           |
| <b>Total Financial Liabilities</b> |                      |       | <b>1,118.28</b> |



**B) Fair value measurements**

Financial Assets and liabilities measured at fair value - recurring fair value measurements

Rs. Lakhs

|                               | Carrying amount<br>As at 31.3.2019 | Fair Value |         |         |
|-------------------------------|------------------------------------|------------|---------|---------|
|                               |                                    | Level 1    | Level 2 | Level 3 |
| Financial investments at FVPL |                                    |            |         |         |
| Unquoted equity instruments   | -                                  |            | -       |         |

Rs. Lakhs

|                               | Carrying amount<br>As at 31.3.2018 | Fair Value |         |         |
|-------------------------------|------------------------------------|------------|---------|---------|
|                               |                                    | Level 1    | Level 2 | Level 3 |
| Financial investments at FVPL |                                    |            |         |         |
| Unquoted equity instruments   | -                                  |            | -       |         |

**8 Capital Management**

The Company's aim is to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to the shareholders.

The capital structure of the Company is based on management's judgement and in order to maintain or adjust the capital structure, the Company may adjust the amount of dividend, if any, paid to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with the focus on total equity so as to maintain investors, creditors and market confidence and to sustain future development and growth of its business.

**9 Financial Risk Management**

In course of its business, the Company is exposed to certain financial risks that could have significant influence on the Company's business and operational / financial performance. These include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors reviews and approves risk management framework and policies for managing these risks and monitors suitable mitigating actions taken by the management to minimise potential adverse effects and achieve greater predictability to earnings.

**a) Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the Company.

**Trade receivable:**

Credit risk arises from company's activities in investments and outstanding receivables from customers.

Concentration of credit risk with respect to trade receivables are limited and all trade receivables are reviewed and assessed for default on a six monthly basis.

Our Historical experience of credit risk in collecting receivables is low.

**b) Liquidity Risk**

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

Rs. Lakhs

|                       | Due within 1 year | More than 1 year | Carrying amount |
|-----------------------|-------------------|------------------|-----------------|
| <b>March 31, 2019</b> |                   |                  |                 |
| Borrowings            | -                 | 570.35           | 570.35          |
| Trade Payables        | 447.03            | -                | 447.03          |
| Others                | 2.24              | 11.10            | 13.34           |
|                       | <b>449.27</b>     | <b>581.45</b>    | <b>1,030.72</b> |

Rs. Lakhs

|                       | Due within 1 year | More than 1 year | Carrying amount |
|-----------------------|-------------------|------------------|-----------------|
| <b>March 31, 2018</b> |                   |                  |                 |
| Borrowings            | 225.00            | 540.53           | 765.53          |
| Trade Payables        | 330.36            | -                | 330.36          |
| Others                | 13.49             | 8.90             | 22.39           |
|                       | <b>568.85</b>     | <b>549.43</b>    | <b>1,118.28</b> |

**c) Market Risk**

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Company. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates as future specific market changes cannot be normally predicted with reasonable accuracy.

**Foreign Currency Risk Management**

The Company undertakes transactions denominated in foreign currencies and thus is exposed to exchange rate fluctuations. The carrying amounts of the Company's foreign currency denominated monetary liabilities at the end of the reporting period are as follows.

As on March 31, 2019 (all amounts are in equivalent Rs. In Lakhs):

| Currency | Liability exposure on the currency |
|----------|------------------------------------|
| USD      | 43.71                              |

As on March 31, 2018 (all amounts are in equivalent Rs. In Lakhs):

| Currency | Liability exposure on the currency |
|----------|------------------------------------|
| USD      | 15.61                              |

**Foreign Currency Sensitivity Analysis**

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

The following table details the company's sensitivity movement in foreign currencies.

(Rs. Lakhs)

| Particulars              | Impact on profit and loss |                |
|--------------------------|---------------------------|----------------|
|                          | March 31, 2019            | March 31, 2019 |
| USD sensitivity          |                           |                |
| INR/USD - increase by 2% | 0.87                      | 0.31           |
| INR/USD - decrease by 2% | (0.87)                    | (0.31)         |



10 Debt reconciliation

An analysis of Debt and the movement in the debt

|                          | Rs Lakhs             |                      |
|--------------------------|----------------------|----------------------|
|                          | As at March 31, 2019 | As at March 31, 2018 |
| Non - Current borrowings | 570.35               | 540.53               |
| Current borrowings       | -                    | 225.00               |
| Debt                     | <u>570.35</u>        | <u>765.53</u>        |

|   | Liabilities from financing activities |                    | Rs.Lakhs        |
|---|---------------------------------------|--------------------|-----------------|
|   | Non - Current borrowings              | Current borrowings | Total           |
| Debt as at April 1, 2017                              | (612.90)                              | (400.33)           | (1,013.23)      |
| Cash flows  | -                                     | 175.00             | 175.00          |
| Interest expense                                      | (28.73)                               | (25.23)            | (53.96)         |
| Interest paid   | -                                     | 25.56              | 25.56           |
| Equity component of non - cumulative preference share | 101.10                                | -                  | 101.10          |
| Debt as at March 31, 2018                             | <u>(540.53)</u>                       | <u>(225.00)</u>    | <u>(765.53)</u> |
| Cash flows  | -                                     | 225.00             | 225.00          |
| Interest expense                                      | (29.82)                               | (24.13)            | (53.95)         |
| Interest paid   | -                                     | 24.13              | 24.13           |
| Equity component of non - cumulative preference share | -                                     | -                  | -               |
| Debt as at March 31, 2019                             | <u>(570.35)</u>                       | <u>0.00</u>        | <u>(570.35)</u> |

11 IND AS 115 Disclosure

A) Contract balances

|                      | Rs. Lakhs     |
|----------------------|---------------|
| As at March 31, 2019 |               |
| Contract Assets      | 106.00        |
| Trade Receivables    | 93.91         |
|                      | <u>199.91</u> |

Trade Receivables are non-interest bearing and generally on terms of 7 to 15 days.

Contract Assets are unbilled revenue. Upon billing, the recognized contract assets are classified to trade receivables.

Adoption of IND AS 115 does not have any impact on the revenue recognised by the Company. The Revenue is recognised at a point in time, once the chartering services are provided to the customer.

| Particulars                                      | Note reference | Rs. Lakhs                                     |                         |
|--|----------------|---|-------------------------|
|  |                | March 31, 2019 (if IND AS 115 is not adopted) | Reported March 31, 2019 |
| Adjustments on account of adoption of IND AS 115 |                |   |                         |
| Extract of Balance Sheet                         |                |   |                         |
| Assets   |                |   |                         |
| Current Assets                                   |                |   |                         |
| Financial assets                                 |                |   |                         |
| Other financial assets                           | 1.9A           | 106.00  | (106.00)                |
| Contract assets                                  | 1.9B           | -   | 106.00                  |
|  |                |   | 106.00                  |

12 Deferred Tax Asset is not recognized as it is not probable that there will be sufficient future taxable profit. Company has unexpired tax losses, as disclosed in the following table:

| Assessment Year    | Category      | 31.3.2019 | Expiry Date   |
|--------------------|---------------|-----------|---------------|
| 2012-13 to 2018-19 | Business loss | 110.8     | Various dates |
| 2012-13 to 2018-19 | Depreciation  | 6.02      | N.A           |

13 Earnings Per Share

|  | Rs. Lakhs                 |                           |
|--|---------------------------|---------------------------|
|  | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Loss after tax attributable to Equity Share holders                  | (288.56)                  | (338.18)                  |
| Weighted average number of Equity Shares outstanding during the year | 42,60,274                 | 40,00,000                 |
| Face Value of each Equity Shares (In Rs.)                            | 10                        | 10                        |
| Basic & Diluted Earnings per Share (In Rs.)                          | (6.77)                    | (8.40)                    |

14 There are no dues to Micro and Small Enterprises as at March 31, 2019. Amounts due to Micro and Small Enterprises have been determined to extent such parties have been identified on the basis of information collected by the management.

15 Previous year's figures have been regrouped/ re-classified to confirm to this year's classification.

As per our Report of Even Date  
For Manubhai & Shah LLP  
Chartered Accountants  
FRN 106041WW100136

For and/on behalf of the Board

Ashish Shah  
Partner  
Membership No. 103750

A. K. Das  
Director  
DIN:00122913  
Place : Mumbai  
Date :

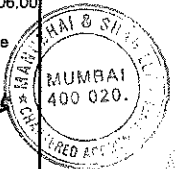
S. K. Tripathi  
Director  
DIN :06431F85

Place: Mumbai  
May 15, 2019

Sanjay Verma  
Chief Executive Officer

R. Ravishankar  
Chief Financial Officer

S. Raja  
Company Secretary



## Ashley Aviation Ltd

CIN : U66030TN2008PLC122350

Significant Accounting Policies to the financial statements for the year ended 31st March, 2019

### 1.A. General information

Ashley Aviation Limited ("the Company") is a public limited company incorporated and domiciled in India and governed by the Companies Act, 2013 ("Act"). The Company's registered office is situated at No.1, Sardar Patel Road, Guindy, Chennai – 600 032, India. Company has a NSOP and is in the business of hiring aircraft for chartering the passenger.

### 1.B. Significant Accounting Policies

#### 1. Compliance with Ind AS

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

#### 2. Basis of Preparation and Presentation

The financial statements are presented in Indian Rupees (Rs.) and all values are rounded to the nearest lakhs, except where otherwise indicated.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 3. Revenue recognition

3.1 Ind AS 115 is applicable from FY 2018-19 and it replaces Ind AS 18. It applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

##### A) Revenue from contract with customer

###### Revenue from Services

Revenue from services is recognized at a point in time in accordance with the specific terms of contract with the customer. On the recognition of the receivable from customer, the company recognises a contract liability which is then recognised as revenue as once the services are rendered.

##### B) Contract Balances

###### Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

###### Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.



### 3.2 Other Operating Revenues

Other operating revenues comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

### 3.3 Dividend and Interest Income

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

## **4. Foreign currencies**

The company's financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognised in other comprehensive income or the statement of profit and loss is also recognised in other comprehensive income or the statement of profit and loss respectively).

## **5. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## Ashley Aviation Ltd

CIN : U66030TN2008PLC122350

Significant Accounting Policies to the financial statements for the year ended 31st March, 2019

### 6. Employee benefits

#### 6.1 Retirement benefit costs and termination benefits

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/ or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

#### 6.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### 7. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### 7.1 Current tax

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted.

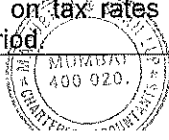
#### 7.2 Deferred tax

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

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 8. Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at original cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the written down method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

| Classes of Property, Plant and Equipment | Useful life (years) |
|--|---------------------|
| Furniture and fittings                   | 10                  |
| Office equipment                         | 5                   |
| Computer                                 | 3                   |
| Plant & Machinery –Life raft             | 15                  |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 9. Intangible assets

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2015 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

**Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.**

**Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.**

### 9.1 De-recognition of intangible assets

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

### 9.2 Useful lives of intangible assets

Estimated useful lives of the intangible assets, based on technical assessment, are as follows:

| Classes of Intangible Assets | Useful life (years)   |
|------------------------------|-----------------------|
| <b>Computer Software:</b>    |                       |
| Acquired                     | As per Licence period |



## Ashley Aviation Ltd

CIN : U66030TN2008PLC122350

Significant Accounting Policies to the financial statements for the year ended 31st March, 2019

### 10. Impairment of tangible and intangible assets carried at cost

At the end of each reporting period, the Company determines whether there is any indication that its tangible and intangible assets have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. Recoverable amount is higher of the fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 11. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

### 12. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle, a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

### 13. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.



## Ashley Aviation Ltd

CIN : U66030TN2008PLC122350

Significant Accounting Policies to the financial statements for the year ended 31st March, 2019

### 14. Financial assets

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

#### 14.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The Company has determined the classification of debt instruments in terms of whether they meet amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date. Accordingly, the Company has classified all debt instruments as of the transition date at amortised cost.

All other financial assets are subsequently measured at fair value.

#### 14.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.

#### 14.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments (other than in subsidiaries, joint ventures and associates) are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "Other Income" line item.

#### 14.4 Impairment of financial assets

The Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets, and financial guarantees not designated as at FVTPL.

Expected credit losses are measured through a loss allowance at an amount equal to:

- a. the 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- b. full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).



## Ashley Aviation Ltd

CIN : U66030TN2008PLC122350

### Significant Accounting Policies to the financial statements for the year ended 31st March, 2019

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring the lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

#### 14.5 De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### 15. Financial liabilities and equity instruments

#### 15.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### 15.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### 15.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at FVTPL.

##### 15.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.



## Ashley Aviation Ltd

CIN : U66030TN2008PLC122350

Significant Accounting Policies to the financial statements for the year ended 31st March, 2019

A financial liability other than a financial liability held for trading or contingent consideration that recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other Income' line item.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs" line item.

### 15.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### 15.3.3 De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

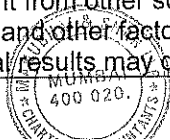
The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

### **New and amended standards:**

The Company applied Ind AS 115 for the first time. The Indian Accounting Standard (Ind AS) 116, Leases is applicable from FY 2019-20, the management estimates that the adoption of Ind AS 116 will lead to increase in asset of Rs. 553.52 lakhs and increase in liability of Rs. 605.15 lakhs and decrease in Other equity by Rs.51.63 lakhs in the financial statements. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

### **16. Critical accounting judgments and key sources of estimation uncertainty:**

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.



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

The following are the critical judgements and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 16.1 Taxation

Determining of income tax liabilities using tax rates and tax laws that have been enacted or substantially enacted requires the Management to estimate the level of tax that will be payable based upon the Company's/ expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

In respect of other taxes which are in disputes, the Management estimates the level of tax that will be payable based upon the Company's/ expert's interpretation of applicable tax laws, relevant judicial pronouncements and an estimation of the likely outcome of any open tax assessments including litigations or closures thereof.

#### 16.2 Fair value measurements

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either.

- In the principal market for the asset or liability.
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

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

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest input that is significant to the fair value measurement as a whole) at the end of each reporting period

For the purpose of fair value disclosures, the Company has determined classes of asset and liability on the basis of the nature characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



**Ashley Aviation Ltd**

**CIN : U66030TN2008PLC122350**

**Significant Accounting Policies to the financial statements for the year ended 31st March, 2019**

**16.3 Provisions against receivables**

The Management makes judgement based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the balance sheet date.

**17. Cash and cash equivalents:**

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

