

# Walker Chandiook & Co LLP

## Walker Chandiook & Co LLP

16th Floor, Tower II  
Indiabulls Finance Centre  
S B Marg, Elphinstone (W)  
Mumbai 400013  
India

T +91 22 6626 2600  
F +91 22 6626 2601

### Independent Auditor's Report

#### To the Members of HCC Aviation Limited

#### Report on the Financial Statements

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

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.



## HCC Aviation Limited Independent Auditor's Report on the Financial Statements

---

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Material Uncertainty Related to Going Concern

9. We draw attention to note no. 18 to the accompanying financial statements which indicates that the Company has incurred a net loss of Rs. 0.82 lakhs during the year ended 31 March 2018, and as of that date, the Company's current liabilities have exceeded its current assets by Rs. 1,576.77 lakhs and has accumulated losses amounting Rs. 1,581.76 lakhs which have resulted in complete erosion of the net-worth of the Company. The above factors indicate a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. However, basis the support of the holding company and other factors mentioned in aforesaid note to the financial statements, management is of the view that going concern basis of accounting is appropriate. Our opinion is not modified in respect of this matter.

### Other Matter

10. The audit of the financial statements for the year ended 31 March 2017 was carried out and reported by another auditor, Messrs. G. D. Apte & Co, Chartered Accountants, who had expressed an unmodified opinion on those financial statements; vide their audit report dated 24 April 2017.

### Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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;





**HCC Aviation Limited**  
**Independent Auditor's Report on the Financial Statements**

---

- c) the financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
- e) the matter described in paragraph 9 under the Material Uncertainty Related to Going Concern paragraph, in our opinion, may have an adverse effect on the functioning of the Company;
- f) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- g) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as at 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 2 May 2018 as per Annexure B expressed an unmodified opinion;
- 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 (as amended), 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 litigation 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;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

*Walker Chandiok & Co LLP*

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Vijay D Jain*

per **Vijay D. Jain**  
Partner  
Membership No.: 117961

Place: Mumbai  
Date: 2 May 2018

**HCC Aviation Limited  
Independent Auditor's Report on the Financial Statements**

---

**Annexure to the Independent Auditor's Report of even date to the members of HCC Aviation Limited, on the financial statements for the year ended 31 March 2018**

**Annexure A**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and goods and service tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.





**HCC Aviation Limited**  
**Independent Auditor's Report on the Financial Statements**

---

**Annexure A (Contd)**

- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

*Walker Chandiok & Co LLP*

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Vijay D. Jain*

per **Vijay D. Jain**  
Partner  
Membership No.: 117961

Place: Mumbai  
Date: 2 May 2018

**HCC Aviation Limited  
Independent Auditor's Report on the Financial Statements**

---

**Annexure B**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of HCC Aviation Limited ("the Company") as at and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the 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 the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

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

6. A company's IFCoFR 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 IFCoFR 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.





**HCC Aviation Limited**  
**Independent Auditor's Report on the Financial Statements**

---

**Annexure B (Contd)**

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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

*Walker Chandiok & Co LLP*

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Vijay D Jain*

per **Vijay D. Jain**

Partner

Membership No.: 117961

Place: Mumbai

Date: 2 May 2018

HCC Aviation Limited  
Balance Sheet as at 31 March 2018

Particulars	Note No.	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>ASSETS</b>			
<b>Current assets</b>			
Financial assets			
Trade receivables	3	-	-
Cash and cash equivalents	4	7.94	8.15
Other current assets	5	-	0.42
<b>Total current assets</b>		<b>7.94</b>	<b>8.57</b>
<b>TOTAL ASSETS</b>		<b>7.94</b>	<b>8.57</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	6	5.00	5.00
Other equity			
Retained earnings		(1,581.76)	(1,580.95)
<b>Total equity</b>		<b>(1,576.76)</b>	<b>(1,575.95)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	7	1,584.24	1,584.24
Trade payables	8	0.39	0.23
Other financial liabilities	9	0.08	0.05
<b>Total current liabilities</b>		<b>1,584.71</b>	<b>1,584.52</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7.94</b>	<b>8.57</b>

Notes 1 to 19 form an integral part of the financial statements

This is the Balance Sheet referred to in our audit report of even date

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N / N500013





**Vijay D. Jain**  
Partner  
Membership No.: 117961

Place: Mumbai  
Date : 2 May 2018



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

**Devendra Manchekar**  
Director  
DIN No.: 02464008

**Praveen Sood**  
Director  
DIN No.: 00018013

Place: Mumbai  
Date : 2 May 2018





**HCC Aviation Limited**

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

Particulars	Note No.	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
<b>Income</b>			
Revenue from operations		-	-
<b>Total income</b>		-	-
<b>Expenses</b>			
Other expenses	10	0.82	335.50
<b>Total expenses</b>		0.82	335.50
<b>Loss before tax</b>		(0.82)	(335.50)
Tax expense			
- Current tax		-	-
- Deferred tax		-	-
<b>Loss after tax (A)</b>		(0.82)	(335.50)
<b>Other comprehensive income for the year, net of tax (B)</b>		-	-
<b>Total comprehensive (loss) for the year, net of tax (A+B)</b>		(0.82)	(335.50)
<b>Loss per equity share having face value of Rs.10 each</b>			
Basic and diluted (in Rs.)	12	(1.64)	(671.00)

Notes 1 to 19 form an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our audit report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No. 001076N / N500013

*Vijay D. Jain*

**Vijay D. Jain**

Partner

Membership No.: 117961

Place: Mumbai

Date : 2 May 2018

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

*Devendra Manchekar*

**Devendra Manchekar**

Director

DIN No.: 02464008

*Praveen Sood*

**Praveen Sood**

Director

DIN No.: 00018013

Place: Mumbai

Date : 2 May 2018



*Handwritten mark*

**HCC Aviation Limited**  
**Cash Flow Statement for the year ended 31 March 2018**

Particulars	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
<b>Cash flow from operating activities</b>		
Loss before tax	(0.82)	(335.50)
<b>Adjustment for:</b>		
Sundry balances written off	0.12	-
Provision for doubtful debts	-	335.07
<b>Operating loss before working capital changes</b>	<b>(0.70)</b>	<b>(0.43)</b>
<b>Changes in working capital:</b>		
Decrease/ (increase) in other current assets	0.30	(0.03)
Increase in trade payables	0.16	0.01
Increase in other financial liabilities	0.03	0.10
<b>Operating loss after working capital changes</b>	<b>(0.21)</b>	<b>(0.34)</b>
Taxes paid (net of refund)	-	-
<b>Net cash used in operating activities (A)</b>	<b>(0.21)</b>	<b>(0.34)</b>
Cash flow from investing activities	-	-
<b>Net cash used in investing activities (B)</b>	<b>-</b>	<b>-</b>
Cash flow from financing activities	-	-
<b>Net cash used in financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(0.21)</b>	<b>(0.34)</b>
Cash and cash equivalents at the beginning of the year	8.15	8.50
<b>Cash and cash equivalents at the end of the year (Refer note 4)</b>	<b>7.94</b>	<b>8.15</b>

**Note:**

The cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows". Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable the users of financial statements to evaluate the changes in liabilities arising from financing activities, including both the changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirements. The adoption of amendment did not have any material impact on the financial statements.

Notes 1 to 19 form an integral part of the financial statements

This is the Cash Flow Statement referred to in our audit report of even date

**For Walker Chandio & Co. LLP**  
Chartered Accountants  
Firm Registration No.001076N/N500013

*Vijay D Jain*

**Vijay D. Jain**  
Partner  
Membership No.: 117961

Place: Mumbai  
Date : 2 May 2018



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

*Devendra Manchekar* *Praveen Sood*

**Devendra Manchekar**  
Director  
DIN No.: 02464008

**Praveen Sood**  
Director  
DIN No.: 00018013

Place: Mumbai  
Date : 2 May 2018





**HCC Aviation Limited**  
**Statement of Changes in Equity for the year ended 31 March 2018**

**A) Equity share capital**

Particulars	Number	Rs. in lakhs
Equity shares of Rs.10 each issued, subscribed and paid up		
<b>As at 31 March 2016</b>	50,000	5.00
Changes in equity share capital during 2016-17	-	-
<b>As at 31 March 2017</b>	50,000	5.00
Changes in equity share capital during 2017-18	-	-
<b>As at 31 March 2018</b>	50,000	5.00

**B) Other equity**

Particulars	Reserve and Surplus	(Rs. in lakhs)
	Retained earnings	Total equity attributable to equity holders
<b>As at 31 March 2016</b>	(1,245.45)	(1,245.45)
Total comprehensive loss for the year 2016-17	(335.50)	(335.50)
<b>As at 31 March 2017</b>	(1,580.95)	(1,580.95)
Total comprehensive loss for the year 2017-18	(0.82)	(0.82)
<b>As at 31 March 2018</b>	(1,581.76)	(1,581.76)

Notes 1 to 19 form an integral part of the financial statements

This is the Statement of Changes in Equity referred to in our audit report of even date

**For Walker Chandio & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N / N500013



**Vijay D. Jain**  
Partner  
Membership No.: 117961

Place: Mumbai  
Date : 2 May 2018



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



**Devendra Manchekar**  
Director  
DIN No.: 02464008



**Praveen Sood**  
Director  
DIN No.: 00018013

Place: Mumbai  
Date : 2 May 2018



## HCC Aviation Limited

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

#### 1 Corporate information

HCC Aviation Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the erstwhile Companies Act, 1956. The Company is principally engaged in the business of providing consultancy services in aviation security and other aviation related activities. The registered office of the Company is located at Hincon House, LBS Marg, Vikhroli (West), Mumbai - 400 083, India. The Company was incorporated on 19 May 2008 (CIN : U63033MH2008PLC182384). The financial statements were authorised for issue in accordance with resolution of the Board of Director on 2 May 2018.

#### 2 Significant accounting policies

##### i) Basis of preparation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified by the Companies (Accounting Standards) Rules, 2015.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities and contingent consideration that are measured at fair values, on an accrual basis of accounting.

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

All the assets and liabilities have been classified as current or non-current, wherever applicable, as per the operating cycle of the Company as per the guidance set out in Schedule III to the Companies Act, 2013 ("the Act"). Based on the nature of services, Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

These financial statements are reported in Indian Rupees, which is also the Company's functional currency, and all values are rounded to the nearest lakhs (00,000), except when otherwise indicated.

##### ii) Accounting estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

##### Estimates and assumption

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

##### Deferred tax assets

In assessing the realisability of deferred income tax assets including Minimum Alternate Tax, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term, if estimates of future taxable income during the carry forward period are reduced.

##### iii) Financial instruments

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





**a Financial assets**

**Initial recognition**

In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

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

**Financial assets measured at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate (EIR) method. Impairment gains or losses arising on these assets are recognised in the statement of profit and loss.

**Financial assets measured at fair value through other comprehensive income (FVTOCI)**

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

**Financial assets measured at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit and loss if these does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

**De-recognition of financial assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets 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.

<-----Space intentionally left blank ----->



## HCC Aviation Limited

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

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies the Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

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

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

#### b Equity instruments and financial liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

##### Financial liabilities

##### Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### Subsequent measurement:

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

##### Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Where the terms of a financial liability is re-negotiated and the company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Statement of Profit and Loss, measured as a difference between the carrying amount of the financial liability and the fair value of equity instrument issued.

##### Financial liabilities measured at fair value through Profit or Loss (FVPL)

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.





**De-recognition of financial liabilities**

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

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

**iv) Income tax**

Income tax comprises of current and deferred income tax. Income tax is recognised as an expense or income in the Statement of Profit and Loss, except to the extent it relates to items directly recognised in equity or in OCI.

**a Current income tax**

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**b Deferred income tax**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent it is probable that the Company will pay normal income tax during the specified period.

**v) Revenue recognition**

**a Revenue from operations**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. Revenue from operations is recognized based on services provided and billed as per the terms of the contracts with the customers provided that the collection is reasonably certain.

**b Interest and other income**

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable. Other income is accounted for on accrual basis. Where the receipt of income is uncertain it is accounted for on receipt basis.

**vi) Provisions, contingent liabilities and contingent assets**

**a** A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. When appropriate, the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

**b** Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.





**HCC Aviation Limited**

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

c Contingent asset is recognised where the economic benefits are probable.

**vii) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the equity shareholders (after deducting preference dividends and attributable taxes, if any) by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit or loss for the year attributable to equity shareholders and weighted number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**viii) Foreign exchange translation and accounting of foreign exchange transactions**

**a Initial recognition**

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximate the actual rate at the date of the transactions.

**b Conversion**

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**c Treatment of exchange difference**

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

**ix) Impairment of non-financial assets**

As at each Balance Sheet date, the company assesses whether there is any indication that a non-financial asset may be impaired and also whether there is any indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for any asset is required, the company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of assets' fair value less cost to sell and value in use; and
- in case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction re taken account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

**x) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

**xi) Segment reporting**

The Company's operation is considered under one segment "Aviation related activities" for internal reporting provided to the chief operating decision maker. Therefore, the Company's business does not fall under different operational segments as defined by Ind AS 108 - "Operating Segments" referred to in Section 133 of the Companies Act, 2013.



HCC Aviation Limited

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

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>3 Trade receivables</b>		
(Unsecured, considered doubtful)		
Due for more than six months	-	335.14
Less : Provision for doubtful debts	-	(335.14)
<b>Total trade receivables</b>	<b>-</b>	<b>-</b>
<b>4 Cash and cash equivalents</b>		
Balances with banks		
- On current accounts	7.94	8.15
<b>Total cash and cash equivalents</b>	<b>7.94</b>	<b>8.15</b>
<b>5 Other current assets</b>		
Balance with government authorities	-	0.42
<b>Total other current assets</b>	<b>-</b>	<b>0.42</b>

<-----Space intentionally left blank ----->



## HCC Aviation Limited

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

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>6 Equity share capital</b>		
<b>A) Authorised share capital</b>		
1,000,000 (31 March 2017: 1,000,000) equity shares of Rs.10 each	100.00	100.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>
<b>Issued, subscribed and paid up</b>		
50,000 (31 March 2017: 50,000) equity shares of Rs.10 each fully paid up	5.00	5.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>

**B) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year**

Particulars	31 March 2018		31 March 2017	
	Number of shares	Rs. In lakhs	Number of shares	Rs. In lakhs
At the beginning of the year	50,000	5.00	50,000	5.00
Issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>50,000</b>	<b>5.00</b>	<b>50,000</b>	<b>5.00</b>

**C) Details of shareholders holding more than 5% shares of the Company and shares held by holding Company**

Particulars	31 March 2018		31 March 2017	
	Number of shares	% Holding	Number of shares	% Holding
<b>Equity shares of Rs.10 each fully paid</b>				
HCC Real Estate Limited (Holding Company)	50,000	100%	50,000	100%

**D) Rights and restriction attached to equity shareholders**

The Company has only one class of equity shares having face value as Rs. 10 each. Every holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company. Any Dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

**E) Bonus shares/ buy back/shares for consideration other than cash issued during past five years:**

The Company has neither issued any bonus shares, shares issued for consideration other than cash nor has there been any buy back of shares during past 5 years from reporting date.

	As at 31 March 2018 (Rs. in lakhs)	As at 31 March 2017 (Rs. in lakhs)
<b>7 Borrowing (unsecured)</b>		
Inter corporate deposit from holding company * (Refer note 13)	1,584.24	1,584.24
<b>Total borrowings</b>	<b>1,584.24</b>	<b>1,584.24</b>
* Inter corporate deposits as at 31 March 2018 taken from the Holding Company are interest free and is repayable on 1 April 2018.		
<b>8 Trade payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer note 16)	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	0.39	0.23
<b>Total trade payables</b>	<b>0.39</b>	<b>0.23</b>
Trade payables are non interest bearing and are normally settled as per the payment terms attached in the contract.		
<b>9 Other financial liabilities</b>		
Dues to related parties (Refer note 13)	0.08	0.05
<b>Total other financial liabilities</b>	<b>0.08</b>	<b>0.05</b>

<-----Space intentionally left blank ----->





**HCC Aviation Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

	Year ended 31 March 2018 (Rs. in lakhs)	Year ended 31 March 2017 (Rs. in lakhs)
<b>10 Other expenses</b>		
Legal and professional fees	0.14	0.23
Rates and taxes	0.06	0.05
Provision for doubtful debts	-	335.07
Payment to auditor		
Statutory audit fees	0.50	0.15
Sundry balances written off	0.12	-
<b>Total other expenses</b>	<b>0.82</b>	<b>335.50</b>

<-----Space intentionally left blank ----->



**HCC Aviation Limited**

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

**11 Contingent liability and commitment**

There are no contingencies and commitments as at 31 March 2018 (31 March 2017: NIL).

**12 Loss per share:**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Loss after tax as per statement of profit and loss (Rs. in lakhs)	(0.82)	(335.50)
Weighted average number of equity shares	50,000	50,000
Loss per share (Basic and diluted) (in Rs.)	(1.64)	(671.00)

**13 Disclosure in accordance with IND AS 24 Related Party Transactions**

**Name of related parties and nature of transaction:**

**i) Holding Company**

HCC Real Estate Limited (HREL)

**ii) Ultimate holding Company**

Hindustan Construction Company Limited

**iii) Key managerial personnel**

Mr. Devendra Manchekar

Mr. Arun Karambelkar

Mr. Praveen Sood

**iv) Transaction and balances with related parties**

(Rs. in lakhs)		
Particulars	31 March 2018	31 March 2017
<b>Balances at the year end</b>		
<b>Included in current borrowings</b>		
HCC Real Estate Limited	1,584.24	1,584.24
<b>Included in other current liabilities</b>		
Hindustan Construction Company Limited	0.08	0.05

During the year 2016-17, the Company had recognised Rs. 234.60 lakhs as a provision for doubtful debts against receivable from Lavasa Corporation Limited.

**14 Financial instruments by category**

The fair value of the financial assets are included at amounts at which the instruments 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 value:

(a) Fair value of cash, borrowings, trade payables, other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments

(b) 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. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

**The carrying value and the fair value of financial instruments by each category as at 31 March 2018 :**

(Rs. in lakhs)					
Particulars	Financial assets / liabilities at amortized costs	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair Value
<b>Assets</b>					
Cash and cash equivalents	7.94	-	-	7.94	7.94
<b>Liabilities</b>					
Borrowings	1,584.24	-	-	1,584.24	1,584.24
Trade payables	0.39	-	-	0.39	0.39
Other financial liabilities	0.08	-	-	0.08	0.08



**HCC Aviation Limited**
**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018**

The carrying value and the fair value of financial instruments by each category as at 31 March 2017 :

(Rs. in lakhs)					
Particulars	Financial assets / liabilities at amortized costs	Financial assets / liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair Value
<b>Assets</b>					
Cash and cash equivalents	8.15	-	-	8.15	8.15
<b>Liabilities</b>					
Borrowings	1,584.24	-	-	1,584.24	1,584.24
Trade payables	0.23	-	-	0.23	0.23
Other financial liabilities	0.05	-	-	0.05	0.05

**15 Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

**i Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For the Company, market risk comprises of interest rate risk. Major financial instruments affected by market risk includes loans and borrowings.

**a Interest rate risk**

Interest rate risk is the risk that an upward movement in interest rates would adversely affect the borrowing costs of the Company. The borrowings are at an interest free rate and hence interest rate risk is not applicable to the company.

**b Foreign currency risk**

The Company has no balances in foreign currency and consequently the Company is not exposed to foreign currency risk.

**ii Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by cash and cash equivalents. Bank balances are held with only high rated banks.

(Rs. in lakhs)		
Particulars	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents	7.94	8.15
<b>Total</b>	<b>7.94</b>	<b>8.15</b>

**iii Liquidity Risks**

Liquidity is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

**Maturity analysis of financial instruments:**

As at 31 March 2018

(Rs. in lakhs)					
Particulars	Carrying amount	Contractual cash flows			Total
		Repayable On demand	0-12 Months	Above 1 years	
Borrowings	1,584.24	-	1,584.24	-	1,584.24
Trade payables	0.39	-	0.39	-	0.39
Other financial liabilities	0.08	-	0.08	-	0.08
<b>Total</b>	<b>1,584.71</b>	<b>-</b>	<b>1,584.71</b>	<b>-</b>	<b>1,584.71</b>

As at 31 March 2017

(Rs. in lakhs)					
Particulars	Carrying amount	Contractual cash flows			Total
		Repayable On demand	0-12 Months	Above 1 years	
Borrowings	1,584.24	-	1,584.24	-	1,584.24
Trade payables	0.23	-	0.23	-	0.23
Other financial liabilities	0.05	-	0.05	-	0.05
<b>Total</b>	<b>1,584.52</b>	<b>-</b>	<b>1,584.52</b>	<b>-</b>	<b>1,584.52</b>

<-----Space intentionally left blank ----->





**HCC Aviation Limited****Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018****16 Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

There are no micro and small enterprises to whom the Company owes dues and which are outstanding as at 31 March 2018. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act (MSMED) Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no interest paid or payable during the year.

**17 Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The aim of the Management is to maintain an optimal capital structure and minimise cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted). Consistent with others in the industry, the Company monitors its capital using the gearing ratio which is total debt divided by total capital plus total debt.

Particulars	As at 31 March 2018 In Rs. lakhs	As at 31 March 2017 In Rs. lakhs
Total debts	1,584.24	1,584.24
Total equity	(1,576.76)	(1,575.95)
<b>Total debt to equity ratio (Gearing ratio)</b>	<b>(1.00)</b>	<b>(1.01)</b>

18 The Company has incurred net loss of Rs. 0.82 lakhs during the year ended 31 March 2018 and as at that date, its current liabilities have exceeded its current assets by Rs. 1,576.77 lakhs and has accumulated losses amounting Rs. 1,581.76 lakhs which have resulted in complete erosion of the net-worth of the Company. The business of the Company is dependent on the business of holding company and group entities as a whole. The Company is in the process of reassessing its business plan in view of expected growth opportunities and intends to expand its business operations going forward. The management of the Company, considering the continuous financial support from the holding company, have prepared the above financial statements on a 'Going Concern' basis.

**19 Recent accounting update**

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018. Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. The new revenue standard is applicable to the Company from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements.

This is a summary of significant accounting policies and other explanatory information referred to in our report of even date.

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm Registration No. 001076N / N500013



**Vijay D. Jain**  
Partner  
Membership No.: 117961

Place: Mumbai  
Date : 2 May 2018



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



**Devendra Manchekar**  
Director  
DIN No.: 02464008

Place: Mumbai  
Date : 2 May 2018



**Praveen Sood**  
Director  
DIN No.: 00018013

