

# S.N.Dhawan & CO LLP

Chartered Accountants

## **Independent Auditor's Report**

To the Members of Dassault Reliance Aerospace Limited

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

### **Opinion**

We have audited the financial statements of Dassault Reliance Aerospace Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss (including other comprehensive loss), changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian 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 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act read with schedule V to the Act.

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

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Rajeev K. Saxena**  
Partner  
Membership No.: 77974

Place: New Delhi

Date: 22 May 2019

## **Annexure A to the Independent Auditor's Report**

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of Dassault Reliance Aerospace Limited on the financial statements as of and for the year ended 31 March, 2019

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment and other intangible assets.
- (b) The Company has a regular program of physical verification of its fixed assets comprising of property, plant and equipment and other intangible assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, the Company does not hold any freehold immovable property (in the nature of 'fixed assets' comprising of property, plant and equipment and other intangible assets). In respect of leasehold immovable properties (which are included under the head 'fixed assets'), the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The inventory of Stores and Spares of Rs. 2.02 million has not been physically verified by the management during the year and we are therefore unable to comment on the discrepancies which could have arisen between physical inventory and book records. Additionally, Inventory of Rs. 34.35 million majorly include payroll cost of the employees who have performed specific job work on certain specific assemblies and other related overheads costs.
- (iii) According to the information and explanations given to us, 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 and according to the information and explanations given to us, 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 and according to the information and explanations given to us, the Company has not accepted any deposits during the year and had no unclaimed deposits at the beginning of the year 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) According to the information and explanations given to us, 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 products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

- (vii)(a) According to the information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax 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) According to the information and explanations given to us, 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 services tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, 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) According to the records of the Company examined by us and the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and according to the information and explanations given to us by the management, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, 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 etc., as required by the applicable accounting standards. The provisions of Section 177 of the Act are not applicable to the Company.
- (xiv) According to the information and explanations given to us, during the year, the Company has made private placement of equity shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed there under. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. During the year, the Company did not make preferential allotment or private placement of fully or partly convertible debentures.

(xv) In our opinion and according to the information and explanations given to us, 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. Accordingly, provisions of clause 3 (xv) of the order are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3 (xvi) of the order are not applicable.

For **S. N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Rajeev K. Saxena**  
Partner  
Membership No.: 77974

Place: New Delhi  
Date: 22 May 2019

## **Annexure B to the Independent Auditor's Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Dassault Reliance Aerospace Limited of even date)

### **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Dassault Reliance Aerospace Limited ("the Company") as of 31 March, 2019 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control with reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.

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 with reference to financial statements.



### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

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

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with respect to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 2019, based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control with reference to financial statements issued by the Institute of Chartered Accountants of India.

### **For S. N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration Number: 000050N/N500045

**Rajeev K Saxena**

Partner

Membership no.: 77974

Place: New Delhi

Date: 22 May 2019

Dassault Reliance Aerospace Limited  
Balance Sheet as at March 31, 2019

	Notes	Rs. in Millions unless otherwise stated	
		March 31, 2019	March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	2	251.62	1.07
(b) Capital work-in-progress	2	693.02	258.46
(c) Intangible assets	3	0.84	0.05
(d) Financial assets			
(i) Other financial assets	5	0.64	0.26
(e) Other non-current assets	6	77.07	0.58
<b>Total non-current assets</b>		<b>1,023.19</b>	<b>260.42</b>
<b>Current assets</b>			
(a) Inventories		36.37	-
(b) Financial assets			
(i) Trade receivables		1.72	
(ii) Cash and cash equivalents	4	830.24	237.06
(iii) Other financial assets	5	5.67	0.02
(c) Other current assets	6	2.19	-
<b>Total current assets</b>		<b>896.19</b>	<b>237.08</b>
<b>Total Assets</b>		<b>1,919.38</b>	<b>497.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	7	584.56	137.50
(b) Other equity	8	(100.14)	(39.69)
<b>Total equity</b>		<b>484.42</b>	<b>97.81</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	9	1,324.18	322.48
(b) Provisions	11	2.47	1.52
<b>Total non-current liabilities</b>		<b>1,326.65</b>	<b>324.00</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables			
1. Total outstanding dues of micro enterprises and small enterprises		-	-
2. Total outstanding dues of creditors other than micro enterprises and small enterprises		2.72	13.34
(ii) Other financial liabilities	10	89.36	52.27
(b) Provisions	11	0.12	0.21
(c) Other current liabilities	12	16.10	9.87
<b>Total current liabilities</b>		<b>108.30</b>	<b>75.69</b>
<b>Total liabilities</b>		<b>1,434.95</b>	<b>399.69</b>
<b>Total equity and liabilities</b>		<b>1,919.38</b>	<b>497.50</b>

The accompanying notes are an integral part of the financial statements.

(1-31)

As per our attached report of even date

For S. N. Dhawan & CO LLP  
Chartered Accountants  
Firm Registration No. 000050N / N500045

Rafeeq K Sakheja  
Partner  
Membership No. 077974

For and on behalf of the Board of Directors

Anthony Jesudasan  
Director  
DIN : 00325390

Richard Jean Lavaud  
Director  
DIN : 05274897

Sampathkumar ST  
Chief Executive Officer

Ashish Nimkar  
Chief Financial Officer

Ishrat Baranwal  
Company Secretary

Place: New Delhi  
Date: 22 May 2019

Place: New Delhi  
Date: 22 May 2019

**Dassault Reliance Aerospace Limited**  
**Statement of Profit and Loss for the Year ended March 31, 2019**

		Rs in Millions unless otherwise stated	
	Notes	Year ended March 31, 2019	Period From February 10, 2017 To March 31, 2018
Revenue from operations	13	1.77	-
Other income	14	17.58	6.31
<b>Total revenue (I)</b>		<b>19.35</b>	<b>6.31</b>
<b>Expenses</b>			
Changes in inventories of finished goods and work-in-progress	15	(34.35)	-
Employee benefits expense	16	48.71	18.61
Finance costs	17	0.59	-
Depreciation and amortisation expense	2,3	10.17	0.04
Other expenses	18	53.72	27.35
<b>Total expenses (II)</b>		<b>78.84</b>	<b>46.00</b>
<b>(Loss) before tax (I-II)</b>		<b>(59.49)</b>	<b>(39.69)</b>
Tax expense:			
- Income tax for earlier periods		0.67	-
<b>Total tax expense</b>		<b>0.67</b>	
<b>(Loss) for the year</b>		<b>(60.16)</b>	<b>(39.69)</b>
<b>Other Comprehensive Income/(loss)</b>			
Items that will not be reclassified to profit and loss in subsequent years			
-Remeasurement loss on net defined benefit plans		(0.28)	-
-Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive loss</b>		<b>(0.28)</b>	<b>-</b>
<b>Total Comprehensive loss</b>		<b>(60.44)</b>	<b>(39.69)</b>
<b>Earnings per equity share (Face Value of Rs 100 each)</b>	19		
Basic earnings per share		(13.30)	(30.98)
Diluted earnings per share		(13.30)	(30.98)

The accompanying notes are an integral part of the financial statements. (1-31)

As per our attached Report of even date

For S. N. Dhawan & CO LLP  
Chartered Accountants  
Firm Registration No. 000050N /N500045

For and on behalf of the Board of Directors

Rajeev K Saxena  
Partner  
Membership No. 077974

Anthony Joseph  
Director  
DIN :00325390

Richard Jean Lavaut  
Director  
DIN :05274897

Sampathkumaran S T  
Chief Executive Officer

Ashish Nimkar  
Chief Financial Officer

Ishtant Baranwal  
Company Secretary

Place: New Delhi  
Date: 22 May 2019

Place: New Delhi  
Date: 22 May 2019

Dassault Relliance Aerospace Limited  
Statement of Cash Flows for the year ended March 31, 2019

Particulars	Rs in Millions unless otherwise stated	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>Cash flow from operating activities</b>		
Profit before income tax from		
Loss before tax	(59.49)	(39.69)
<b>Adjustments for:</b>		
Depreciation & amortization	10.17	0.04
Interest Income on fixed deposit with banks	(15.27)	-
Interest and finance charges	0.54	-
Provision for Leave Encashment and Gratuity	-	1.74
Actuarial loss recognised in OCI	(0.28)	-
Stamp duty and filing expenses	-	6.15
Cash generated from operations before working capital changes	(64.33)	(31.76)
<b>Adjustments for:</b>		
(Increase) in trade receivables	(1.72)	-
(Increase) in financial assets and other assets	(2.23)	(0.63)
(Increase) in inventories	(36.37)	-
Increase/(decrease) in financial liabilities, other liabilities and provisions	(3.50)	26.25
Cash generated from operations	(108.15)	(6.14)
Income taxes paid	(2.77)	(0.23)
<b>Net cash used in operating activities (A)</b>	<b>(110.92)</b>	<b>(6.37)</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	(747.87)	(195.56)
Interest received on fixed deposits with bank	17.54	-
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>(730.33)</b>	<b>(195.56)</b>
<b>Cash flow from financing activities</b>		
Stamp duty & filing Expenses	-	(6.15)
Proceeds from long term borrowings	1014.08	307.64
Proceeds from Equity	447.06	137.50
Interest paid	(6.73)	-
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>1454.41</b>	<b>438.99</b>
<b>Net increase/(decrease) in cash and cash Equivalents (A+B+C)</b>	<b>613.16</b>	<b>237.06</b>
Cash and Cash Equivalents as at the beginning of the year	237.06	-
<b>Cash and Cash Equivalents as at end of the year (refer note 6)</b>	<b>850.24</b>	<b>237.06</b>

**Reconciliation of liabilities arising from financing activities:**

Particulars	March 31, 2019	March 31, 2018
Opening balance	322.48	-
Cash flow changes		
- Proceeds from borrowings	1014.08	307.64
Non cash changes		
- Exchange difference	(12.38)	14.84
<b>Closing balance</b>	<b>1,324.18</b>	<b>322.48</b>

**Notes:**

The Cash Flow Statement has been prepared under the Indirect method as set out in Indian Accounting Standard- 7 on Cash Flow Statements.

As per our attached Report of even date

For S. N. Dhawan & CO LLP  
Chartered Accountants  
Firm Registration No. 000050N/N500045

Rajeev K Saxena  
Partner  
Membership No. 077974

For and on behalf of the Board of Directors

Anthony Jesudasan  
Director  
DIN :00325390

Richard Jean Lavaud  
Director  
DIN :05274897

Sampath Kumar S T  
Chief Executive Officer

Asish Nimbkar  
Chief Financial Officer

Sham Baranwal  
Company Secretary

Place : New Delhi  
Date : 22 May 2019

Place : New Delhi  
Date : 22 May 2019

Dassault Rafale Aerospace Limited  
Statement of Changes in Equity for the period ended March 31, 2019

Rs in Millions unless otherwise stated

(a) Equity share capital

Particulars	Balance at the beginning of the period	Changes in equity share capital during the period	Balance at the end of the period
As at March 31, 2018	-	137.50	137.50
As at March 31, 2019	137.50	447.06	584.56

(b) Other equity

Particulars	Reserves and Surplus		Other Comprehensive Income	Total
	Retained Earnings			
Balance as at March 31, 2018	(39.69)		-	(39.69)
Movement during the period:				
Loss for the period	(60.16)		-	(60.16)
Other Comprehensive (loss) for the period	-		(0.28)	(0.28)
Balance as at March 31, 2019	(99.86)		(0.28)	(100.14)

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes (1 to 31)

As per our attached Report of even date

For S. N. Dhawan & CO LLP  
Chartered Accountants  
Firm Registration No. 000050N /N500045

For and on behalf of the Board of Directors

Rajeev K Saxena  
Partner  
Membership No. 077974

Anthony Jesudhasan  
Director  
DIN :00325390

Richard Jean Lavaud  
Director  
DIN :05274897

Sampathkumar S T  
Chief Executive Officer

Ashish Ninkar  
Chief Financial Officer

Ishant Baranwal  
Company Secretary

Place : New Delhi  
Date : 22 May 2019

Place : New Delhi  
Date : 22 May 2019

## **Dassault Reliance Aerospace Limited**

### **Notes to financial statements for the year ended March 31, 2019**

#### **Background of the Company:**

The objective of the company is to undertake and carry on the business in relation to civil and defence aircraft, including light combat aircraft and advanced medium combat aircraft, and all associated airframes, airframe sub-sections, systems, sub-systems, products, equipment, parts, components, ground support systems /equipment thereof or otherwise deal in all kinds of aero planes, flying vehicles and products, including manufacturing, producing, designing, developing, integrating, building, engineering, fabricating, assembling (including final assembly), supporting, training, upgrading, sub-contracting, altering, testing (including flight tests), buying, acquiring, procuring, sourcing, letting, hiring, importing, exporting, selling, reselling, transferring, exchanging, providing Maintenance Repair and Overhaul (MRO) services, in-service support, design consultancy, system and aeromechanical integration, armament upgrading, for use in a variety of end user segments, including the defence forces and to undertake and carry on with all scientific and technical researches, experiments and tests of all kinds, any structures, elements, components, gadgets, device, machinery, kit, accessories, fitments, tools, equipments, systems, spares, parts thereof and to acquire and/or develop technology, know-how, expertise relating to any of the aforesaid activities.

The Company is a public limited company incorporated and domiciled in India. The registered office of the Company is located at 502, Plot No. 91/94, Prabhat Colony, Santacruz (East), Mumbai - 400 055.

These financial statements of the Company for the year ended March 31, 2019 were authorised for issue by the board of directors on Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities and other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company

#### **1. Significant accounting policies:**

##### **(a) Basis of preparation, measurement and significant accounting policies**

###### **(i) Compliance with Indian Accounting Standards (Ind AS)**

The Financial statements of the Company comply in all material aspects with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with relevant rules and other accounting principles

###### **(ii) Basis of preparation**

Financial Statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III, applicable Ind AS, other applicable pronouncements and regulations

These financial statements are presented in 'Indian Rupees', which is also the Company's functional currency and all amounts, are rounded to the nearest Million with two decimals, unless otherwise stated.

###### **(iii) Basis of measurement**

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments that are measured at fair value 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.

## Dassault Reliance Aerospace Limited

### Notes to financial statements for the year ended March 31, 2019

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account while pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 'Leases' and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### (b) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make accounting policies and report amounts of assets and liabilities, the disclosures of contingent assets and liabilities, at the date of financial statements and reported amounts of revenues and expenses during the period. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates 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.

#### (c) Current versus non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- Held primarily for the purpose of trading

## **Dassault Reliance Aerospace Limited**

### **Notes to financial statements for the year ended March 31, 2019**

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

#### **(d) Revenue recognition policy**

Revenue is recognized when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company. The Company bases its estimates on historical results, taking into consideration the type of transaction.

Interest income is recognized on a time proportion basis after taking into account the principal amount outstanding and the rate applicable.

Ind AS 115 "Revenue from contracts with Customers" has been made effective from 1 April 2018. The Company build all customized products for its customer, wherein all the kits/raw material at present are supplied free of cost by the customer. Such a situation has been defined in standard as Company acting as an agent and recognize revenues excluding the value of such kits/raw material. In view of the same only conversion charges involved in such contracts as per the Supply & Cooperation agreement executed with the customer has been recognized as revenue.

#### **(e) Inventory**

Inventories are valued at Lower of cost and Net realizable value (NRV). The inventory comprises of consumables, Work in Progress and finished goods. Work in progress is calculated considering the time spent on the assembly of aircraft component and cost of production on per hour basis. Since as of now the raw materials are supplied free of cost by the customer and the same is not the property of the company, valuation of work in progress and finished goods does not include the cost of raw materials supplied free of cost by the customer.

#### **(f) Foreign currency translation**

##### **(i) Functional and presentation currency**

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

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

Exchange loss on foreign currency borrowings relating to assets under construction for future productive use are included in the cost of those assets which are regarded as an adjustment to interest cost on those foreign currency borrowings to the extent to which the exchange loss does not exceed the difference between the cost of borrowings in functional currency when compared to the cost of borrowing in a foreign currency.



## Dassault Reliance Aerospace Limited

Notes to financial statements for the year ended March 31, 2019

### (g) Financial instruments:

#### 1. Financial assets

##### I] Classification

The Company shall classify financial assets in the following measurement categories:

- Those to be measured at amortised cost and
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).

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

##### II] Initial recognition and measurement

Initially, a financial instrument is recognized at its fair value. Transactions cost directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is classified as at fair value through profit & loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

##### III] Subsequent measurement

For purpose of subsequent measurement financial assets are classified in two broad categories:

- (a) Financial assets at fair value or
- (b) Financial assets at amortised cost

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

Where assets are measured at fair value, gains or loss are either recognised entirely in the statement of profit and loss (i.e fair value through profit or loss) or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

All other financial assets are measured at fair value through profit or loss.

##### IV] Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on a financial asset that is at amortised cost. Loss allowance in respect of financial assets is measured at an amount equal to lifetime expected credit losses and is calculated as the difference between their carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate.

##### V] Derecognition of financial assets

A financial asset is derecognised only when:

- Right to receive cash flow from assets has expired or
- The Company has transferred the rights to receive cash flows from the financial asset or
- It retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement.
- Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

## Dassault Reliance Aerospace Limited

### Notes to financial statements for the year ended March 31, 2019

- Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## 2. Financial liabilities

### I] Initial recognition and measurement

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. The Company financial liabilities include Trade and other Payables, loans and borrowings.

### II] Subsequent measurement

**Financial liabilities at amortized cost:** After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

#### (i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

#### (ii) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

### III] Derecognition of financial liabilities

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

### IV] Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

## **Dassault Reliance Aerospace Limited**

### **Notes to financial statements for the year ended March 31, 2019**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 "Financial Instruments" are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

The Company currently does not have any such derivatives which are not closely related.

#### **(h) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

#### **(i) Property, plant and equipment:**

Property, plant and equipment assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment are eliminated from the financial statements, either on disposal or when retired from active use.

Gains and losses on disposals or retirement of assets are determined by comparing proceeds with carrying amount. These are recognized in the Statement of Profit and Loss.

Capital Work in Progress (CWIP) includes cost of property, plant and machinery under installation/development, cost of Building under construction as at balance sheet date. Depreciation is not recorded on Capital Work-in-Progress until construction and installation are complete and the asset is ready for its intended use.

All project related expenditures viz. civil and electrical works, technical consultancy fees, development and sanction fees, expenditure incidental/attributable to the construction of project, borrowing cost incurred prior to the date of commercial operation and exchange difference arising from foreign currency borrowings capitalised are shown under capital work in progress.

#### **Depreciation method**

Property, plant and equipment have been depreciated under the straight-line method as per the useful life and in the manner prescribed in Part "C" of Schedule II to the Act.

In some of the cases of fixed assets the management based on technical considerations has estimated useful life lesser than the useful life given in Part C of Schedule II of the Companies Act 2013

The Company charges 100% depreciation on any PPE item whose unit base value is less than Rs 5000.

**Dassault Reliance Aerospace Limited**

**Notes to financial statements for the year ended March 31, 2019**

**(j) Intangible assets:**

Intangible assets are stated at cost of acquisition net of tax/duty credits availed, if any, less accumulated amortisation / depletion. Cost includes expenditure directly attributable to the acquisition of asset.

**Amortisation method**

Intangible assets capitalized are amortized on straight line basis over the period of 3 years.

**(k) Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

**Onerous contracts**

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**(l) Contingent liabilities and contingent assets**

Contingent liabilities are possible obligation that arise from past events and whose existence will only be confirmed by that occurrence or non-occurrence of one or more future events not wholly within the control of the company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgement of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate. Contingent assets are neither recognised nor disclosed in the financial statements.

**(m) Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise of cash on hand, demand deposits with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(n) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**(o) Borrowing costs**

Borrowing costs include interest, amortization of ancillary cost incurred in connection with the arrangement of borrowings and exchange difference arising from foreign currency borrowings to the extent they are regarded as adjustment to the interest cost. General and specific borrowing costs that are

## Dassault Reliance Aerospace Limited

### Notes to financial statements for the year ended March 31, 2019

directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Interest income earned on temporary investment of specifically borrowed fund pending utilisation for qualifying assets is deducted from Capital Work in Progress amount.

Other borrowing costs are expensed in the period in which they are incurred.

#### (p) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period

#### (q) Employee benefits

##### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

##### (ii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund, superannuation fund etc.

#### Defined benefit plans

##### (a) Gratuity obligations

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **Defined contribution plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company makes monthly contributions based on a specified percentage of each eligible employee's salary.

#### **(iii) Other long-term employee benefit obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### **(r) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the company and its subsidiaries generate taxable income.

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

Deferred tax 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 utilized. 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 transition that affects neither the taxable profit nor the accounting profit.

## **Dassault Reliance Aerospace Limited**

### **Notes to financial statements for the year ended March 31, 2019**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets 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 asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expense for the year comprises of current tax and deferred tax. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in 'Other comprehensive income' or directly in equity, in which case the tax is recognised in 'Other comprehensive income' or directly in equity, respectively.

#### **(s) Earnings per share**

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

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

#### **(t) Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially rests with the lessor are recognised as operating lease. Lease rentals under operating lease are recognised in the Statement of Profit and Loss on a straight-line basis.

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

##### **As a lessee:**

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

#### **(u) Segment reporting**

Segments are reported in a manner consistent with the internal reporting provided to the management. The board of directors of the Company assess the financial performance and position of the Company and make strategic decisions. (Refer note 21 for segment information.)

#### **(v) Recent judicial pronouncement**

Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

## Dassault Reliance Aerospace Limited

### Notes to financial statements for the year ended March 31, 2019

Ind AS 116 'Leases': On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its standalone financial statements.



Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Rs in Millions unless otherwise stated

Note 2: Property, plant and equipment

	Plant and Machinery	Furniture and Fixtures	Office Equipments	Computers	Building	Roads	Electrical installation	Leasehold land	Total	Capital work in progress
Gross Carrying Amount:										
Exchange differences	0.12	0.74	-	-	-	-	-	-	-	14.84
Additions	0.12	0.74	-	0.25	-	-	-	-	1.11	243.62
As at March 31, 2018				0.25					1.11	258.46
Exchange differences	7.89	1.11	2.41	5.56	11.64	1.89	2.03	228.00	260.53	(12.38)
Additions	-	-	-	-	-	-	-	-	-	446.94
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	8.01	1.85	2.41	5.82	11.64	1.89	2.03	228.00	261.64	693.02
Accumulated Depreciation and Impairment										
Depreciation charge during the year	0.00	0.01	-	0.03	-	-	-	-	0.04	-
As at March 31, 2018	0.00	0.01	-	0.03	-	-	-	-	0.04	-
Depreciation charge during the year	0.68	0.15	0.22	0.65	0.33	0.28	0.16	7.52	9.97	-
As at March 31, 2019	0.68	0.16	0.22	0.68	0.33	0.28	0.16	7.52	10.02	-
Net carrying amount as on March 31, 2018	0.12	0.73	-	0.22	-	-	-	-	1.07	258.46
Net carrying amount as on March 31, 2019	7.33	1.69	2.19	5.14	11.31	1.62	1.87	220.48	251.62	693.02

Notes:

- (i) Capital work-in-progress mainly comprises of civil and electrical works, technical consultancy fees, development and sanction fees, expenditure incidental/attributable to the construction of project, borrowing cost incurred prior to the date of commercial operation and exchange difference arising from foreign currency borrowings.
- (ii) Also refer note 23.

Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Rs. in Millions unless otherwise stated

**Note 3: Intangible Assets**

	<u>Computer Software</u>	<u>Total</u>
<b>Gross Carrying Amount</b>		
Additions	0.05	0.05
Balance as at March 31, 2018	0.05	0.05
Additions	0.98	0.98
<b>Balance as at March 31, 2019</b>	<b>1.04</b>	<b>1.04</b>
<b>Accumulated Amortisation</b>		
Charge for the year	0.00	0.00
Balance as at March 31, 2018	0.00	0.00
Charge for the year	0.20	0.20
<b>Balance as at March 31, 2019</b>	<b>0.20</b>	<b>0.20</b>
<b>Net Carrying amount</b>		
As at March 31, 2018	0.05	0.05
As at March 31, 2019	0.84	0.84

**Note:**

- i) Balance useful life of intangible asset is approx. 3.0 years
- ii) Intangible assets are other than internally generated.

Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Rs. in Millions unless otherwise stated

Note 4: Financial assets : Cash and cash equivalents

	March 31, 2019	March 31, 2018
Balances with banks		
On current accounts	12.67	93.92
Fixed deposit with original maturity of less than 3 months	837.55	143.15
Cash on hand	0.01	-
	<u>850.24</u>	<u>237.06</u>

Note : Short term deposits are made for a period of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

Note 5: Financial assets: Other financial assets

	March 31, 2019		March 31, 2018	
	Current	Non-Current	Current	Non-Current
Security deposits	-	0.64	-	0.26
Advance to employees	0.03	-	0.02	-
Interest receivable on fixed deposits	5.64	-	-	-
	<u>5.67</u>	<u>0.64</u>	<u>0.02</u>	<u>0.26</u>

Note 6 : Other Assets

	March 31, 2019		March 31, 2018	
	Current	Non-Current	Current	Non-Current
Capital advances	-	74.74	-	-
Advance to / recoverable from vendors	0.10	-	-	-
Advance tax and tax deducted at source (net of provision for tax)	-	2.33	-	0.23
Prepaid expenses	2.09	-	-	-
Input tax credit receivable	-	-	-	0.35
	<u>2.19</u>	<u>77.07</u>	<u>-</u>	<u>0.58</u>

**Dassault Reliance Aerospace Limited**  
**Notes to financial statements for the year ended March 31, 2019**

**Note 7: Equity share capital**

The authorized, issued, subscribed and fully paid-up equity share capital comprises of the following:

	Rs. In Millions	
	As at March 31, 2019	As at March 31, 2018
<b>Authorised share capital</b>		
6,000,000 Equity Shares of Rs.100 each	600.00	600.00
	<u>600.00</u>	<u>600.00</u>
<b>Issued, subscribed and fully paid-up share capital</b>		
5,845,588 Equity Shares of INR100 each (March 31, 2018: 1,375,000 equity shares of Rs. 100 each)	584.56	137.50
	<u>584.56</u>	<u>137.50</u>

**(i) Movements in Share Capital**

	Rs. In Millions			
	As at March 31, 2019		As at March 31, 2018	
	No. of shares	INR	No. of shares	INR
<b>Equity Shares -</b>				
At the beginning of the period	13,75,000	137.50	-	-
Add: Issued during the period	44,70,588	447.06	13,75,000	137.50
<b>Outstanding at the end of the period</b>	<u>58,45,588</u>	<u>584.56</u>	<u>13,75,000</u>	<u>137.50</u>

**(ii) Terms/Rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 100 per share. Each 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 remaining assets of the Company. The Company declares and pay dividend in Indian Rupees. The dividend proposed by the Board of Directors is subjected to the approval of Shareholders in the ensuing Annual General Meeting.

**(iii) Shares of the Company held by Holding Company**

	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
<b>Holding Company</b>		
2,981,250 equity shares (March 31, 2018: 701,250 equity shares) are held by Reliance Aerostructure Limited	298.13	70.13
	<u>298.13</u>	<u>70.13</u>

**(iv) Details of Shareholders holding more than 5% shares in the company**

Name of the Shareholders	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of Rs. 100 each fully paid				
Reliance Aerostructure Limited and its nominees	29,81,250	51.0%	7,01,250	51.0%
Dassault Aviation	28,64,338	49.0%	6,73,750	49.0%

**(v) Aggregate number of equity shares allotted as fully paid-up without being received in cash for a period of five years immediately preceding the year ended March 31, 2019**

	Aggregate number of shares	
	As at March 31, 2019	As at March 31, 2018
(a) Issue of shares to Holding Company	22,80,000	-

**Note 8: Other Equity**

Other equity consist of the following:

	Rs. In Millions	
	As at March 31, 2019	As at March 31, 2018
<b>(a) Retained earnings</b>		
Opening balance	(39.69)	-
Add: Loss for the period	(60.16)	(39.69)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.28)	-
	<u>(100.14)</u>	<u>(39.69)</u>

**Note 9: Financials liabilities: Borrowings, at amortised cost**

	March 31, 2019	March 31, 2018
<b>Unsecured</b>		
External commercial loan in foreign currency from related party	1,324.18	322.48
	<u>1,324.18</u>	<u>322.48</u>

**Notes:**

1. Euro term loan of Rs. 314.72 million outstanding as on March 31, 2019 (March 31, 2018: Rs. 322.48 million) obtained from a related party for the purpose of financing its capital expenditure & working capital carries interest rate @ EURIBOR plus 2% p.a. and interest is payable on half yearly basis. The loan is repayable in one instalment after completion of five years from the date of disbursement i.e. September 29, 2022. Also refer note 21.

2. Euro term loan of Rs. 1009.46 million outstanding as on March 31, 2019 (March 31, 2018: Rs. Nil) obtained from a related party for the purpose of financing its capital expenditure and general corporate expenditure carries interest rate @ EURIBOR plus 2% p.a. and interest is payable on half yearly basis. The loan is repayable in one instalment after completion of five years from the date of disbursement i.e. December 21, 2023. Also refer note 21.

**Note 10: Other financial liabilities**

	March 31, 2019		March 31, 2018	
	Current	Non Current	Current	Non Current
Retention payable	14.70	-	-	-
Interest accrued and due on borrowings	2.96	-	3.00	-
Interest accrued but not due on borrowings	5.34	-	0.05	-
Security deposits	0.05	-	-	-
Creditors for capital expenditure	66.31	-	49.22	-
	<u>89.36</u>	<u>-</u>	<u>52.27</u>	<u>-</u>

**Note 11: Provisions**

	March 31, 2019		March 31, 2018	
	Current	Non Current	Current	Non Current
Leave encashment	0.12	1.30	0.21	1.15
Gratuity (Refer note 27)	0.00	1.17	0.00	0.37
	<u>0.12</u>	<u>2.47</u>	<u>0.21</u>	<u>1.52</u>

**Note 12 : Other Liabilities**

	March 31, 2019		March 31, 2018	
	Current	Non Current	Current	Non Current
Employee Payables	4.84	-	2.98	-
Statutory dues payables	11.27	-	6.89	-
<b>Total</b>	<u>16.10</u>	<u>-</u>	<u>9.87</u>	<u>-</u>

**Dassault Reliance Aerospace Limited**

Notes to financial statements for the year ended March 31, 2019

Rs. in Millions unless otherwise stated

**Note 13 : Revenue from operations**

	March 31, 2019	March 31, 2018
Sale of products	1.77	-
	<u>1.77</u>	<u>-</u>

**Note 14 : Other income**

	March 31, 2019	March 31, 2018
Provision or liabilities written back	0.09	-
Net gain/(loss) on foreign currency translation or transaction	-	6.31
Insurance claim received	2.12	-
Scrap sales	0.10	-
Interest on term deposit	15.27	-
Miscellaneous income	0.01	0.00
	<u>17.58</u>	<u>6.31</u>

**Note 15 : Changes in inventories of finished goods and work-in-progress**

	March 31, 2019	March 31, 2018
Opening inventory (A)	-	-
Closing inventory (B)	34.35	-
Increase in inventory (A-B)	<u>(34.35)</u>	<u>-</u>

**Note 16 : Employee benefits expense**

	March 31, 2019	March 31, 2018
Salaries, Wages, Bonus, etc.	44.55	17.55
Contribution to Provident and Other Funds	1.89	0.57
Gratuity Expense	0.61	0.37
Workmen and Staff Welfare	1.66	0.11
	<u>48.71</u>	<u>18.61</u>

**Note 17: Finance costs**

	March 31, 2019	March 31, 2018
Interest and financing charges on financial liabilities	0.54	-
Other Finance Charges	0.05	-
	<u>0.59</u>	<u>-</u>

Dassault Reliance Acrospace Limited  
Notes to financial statements for the year ended March 31, 2019

Rs. in Millions unless otherwise stated

Note 18 : Other expenses

	March 31, 2019	March 31, 2018
Consumables and spares	4.04	0.89
Training expenses	26.86	0.04
Bank Charges	0.04	0.02
Communication expenses	0.12	0.15
Hire Charges	0.24	0.13
Rent	0.34	1.11
Repairs and maintenance	1.71	0.20
Auditors remuneration	1.75	0.10
Travelling and conveyance	4.75	7.26
Event & Festival Expenses	0.06	8.63
Rates and taxes	0.01	0.00
Stamp Duty and Filing fees	0.56	6.15
Electricity & water charges	0.56	-
Legal and professional charges	1.37	0.76
Postage & Courier	0.04	0.01
House keeping expenses	1.40	0.01
Printing and stationery	0.87	0.08
Recruitment expenses	0.48	1.54
Advertisement & Public Relation Expenses	0.47	0.08
Entertainment and hospitality	1.15	0.11
Licence, Application and Registration Fees	0.03	0.05
Transportation and packing charges	0.74	-
Security charges	1.54	-
CHA charges	0.16	-
Insurance charges	1.76	-
Delayed Payment Charges	0.07	0.01
Foreign currency translation adjustment (net)	1.02	-
Miscellaneous expenses	1.56	0.01
	<u>53.72</u>	<u>27.35</u>

**Dassault Reliance Aerospace Limited**

**Notes to financial statements for the year ended March 31, 2019**

**19. Earnings per Share**

Sr. No.	Particulars	Year ended March 31, 2019	Period ended March 31, 2018
(i)	Profit / (Loss) after tax available for Equity Share holders (Rs. in Millions)	(60.16)	(39.69)
(ii)	Weighted Average Number of Equity Shares (Nos.)	45,22,784	12,80,822
(iii)	Nominal Value per Share (Rs.)	100.00	100.00
(iv)	Earnings per Equity Share- Basic (Rs)	(13.30)	(30.98)
(v)	Earnings per Equity Share- Diluted (Rs)	(13.30)	(30.98)

**20. Segment Information**

The Company is engaged in the business of manufacture of aircraft assemblies, which in context of Ind AS 108 is considered the only business segment.

**21. Related Party Disclosure**

As per Ind AS – 24 as prescribed under Section 133 of the Act, the Company's related parties and transactions are disclosed below:

**(a) Parties where control exists:**

- (i) Ultimate Holding Company- Reliance Infrastructure Limited
- (ii) Enterprise Controlled by Ultimate Holding Company- Reliance Defence Limited
- (iii) Holding Company- Reliance Aerostructure Limited
- (iv) Entities with joint control of, or significant influence over, the entity – Dassault Aviation
- (v) Enterprise over which directors has significant influence - Reliance General Insurance Company Limited

**(b) Key Managerial Persons:**

- 1. Samapthkumaran ST :- Chief Executive officer\*
- 2. Ashish Nimkar :- Chief Financial officer\*\*
- 3. Ishant Baranwal :- Company Secretary#

\*Joined w.e.f. November 6, 2017

\*\* Joined w.e.f. January 24, 2018

# Joined w.e.f. November 1, 2018

**(c) Details of transactions during the year and closing balances at the year end:**

Particulars	(Rs. in Million)	
	For the year ended March 31, 2019	Period ended March 31, 2018
<b>Transactions during the period:</b>		
<u>Issue of equity Share Capital</u>		
- Reliance Aerostructure Limited	228.00	70.13
- Dassault Aviation	219.05	67.38
<u>Payable for statutory liabilities paid on our behalf</u>		
- Reliance Defence Limited	-	1.72



**Dassault Reliance Aerospace Limited**

**Notes to financial statements for the year ended March 31, 2019**

<u>Borrowings taken during the year</u>		
- Dassault Aviation	1014.08	322.48
<u>Interest expense</u>		
- Dassault Aviation	119.73	3.05
<u>Sales</u>		
- Dassault Aviation	1.77	-
<u>Expenses Incurred (but not reimbursed) on our behalf</u>		
- Reliance Defence Limited	-	13.26
<u>Expenses Incurred &amp; reimbursed on our behalf</u>		
- Reliance Defence Limited	0.19	-
<u>Insurance premium paid</u>		
- Reliance General Insurance Company Limited	0.05	-
<b>Closing Balances:</b>		
<b>(a) Share capital</b>		
- Reliance Aerostructure Limited	298.13	70.12
- Dassault Aviation	286.43	67.38
<b>(b) Trade and Other Payable</b>		
- Reliance Defence Limited	-	14.98
<b>(c) Financial Liabilities: Non-Current Borrowings</b>		
- Dassault Aviation	1324.18	322.48
<b>(d) Other Financial Liabilities: Interest Accrued on Borrowings</b>		
- Dassault Aviation	8.30	3.05
<b>(e) Other Assets –Trade receivables</b>		
- Dassault Aviation	1.72	-

**(d) Compensation of Key Management Personnel (KMP):**

Name	(Rs. in Million)	
	For the year ended March 31, 2019	Period ended March 31, 2018
Mr. Sampathkumaran S T	4.99	1.63
Mr. Ashish Nimkar	2.49	0.45
Mr. Ishant Baranwal	0.48	-

\*The above compensation excludes gratuity and compensated absence which cannot be separately identified from the composite amount advised by the actuary.

**Dassault Reliance Aerospace Limited**

**Notes to financial statements for the year ended March 31, 2019**

**22. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

	March 31, 2019	March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-

**23. Disclosure as required under Ind. AS -23**

Borrowing costs capitalised during the year ended March 31, 2019 is Rs 11.43 Million (March 31, 2018: 6.73 Million). The borrowing cost has been netted off by interest income on temporary investment amounting to Rs. 7.92 Million (March 31, 2018: 6.13 Million) and foreign exchange gain on reinstatement of borrowings amounting to Rs. 12.38 Million (March 31, 2018: Foreign exchange loss amounting to Rs. 14.84 Million).

**Dassault Relevance Aerospace Limited**  
**Notes to financial statements for the year ended March 31, 2019**

**Note 24 : Fair value measurements**

**(a) Financial instruments by category**

**(i) Significance of financial instruments**

Particulars	Rs. in Millions unless otherwise stated	
	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>		
<b>At amortised cost</b>		
Trade receivables	1.72	-
Cash and cash equivalent	850.24	237.06
Other financial assets	6.31	0.28
<b>Total financial assets</b>	<b>858.27</b>	<b>237.34</b>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Borrowings	1,324.18	322.48
Trade payables	2.72	13.34
Interest accrued and due	2.96	3.00
Interest accrued but not due	5.34	0.05
Other financial liabilities	85.90	49.22
<b>Total financial liabilities</b>	<b>1,421.10</b>	<b>388.10</b>

The carrying amounts of cash and cash equivalents, borrowings, trade payables, interest accrued, employee benefits payable and other interest payable are considered to have their fair values approximately equal to their carrying values

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**Recognised fair value measurements**

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**Dassault Reliance Aerospace Limited**  
**Notes to financial statements for the year ended March 31, 2019**

**Note 25: Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is responsible for developing and monitoring the Company's risk management policies. The management identifies and analyses the risks faced by the Company, sets appropriate risk limits and controls and monitors risks and adherence to limits.

The risk management activities are designed to:

- (i) protect the Company's financial results and position from financial risks;
- (ii) maintain market risks within acceptable parameters, while optimising returns; and
- (iii) protect the Company's financial investments, while maximising returns.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from trade receivables. The Company derived entire sales from one of its shareholder. The Company expects to continue to derive most of its sales from its shareholder.

**(ii) Cash and cash equivalents and other financial assets**

The Company held cash and cash equivalents and other financial assets with credit worthy banks aggregating Rs. 850.24 Million as at March 31, 2019 (March 31, 2018: Rs. 237.06 Million). The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

**(iii) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.

The Company is not exposed to any equity price risk.

**(a) Foreign currency risk**

The Company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions only with respect to Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through the forecast of highly probable foreign currency cash flows. The objective of Company is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

**(i) Exposure to foreign currency risk**

Assets	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Trade receivables	1.72	-
	<u>1.72</u>	<u>-</u>

Liabilities	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Foreign currency loan	1,324.18	322.48
Interest accrued and due	2.96	3.00
Interest accrued but not due	5.34	0.05
Other financial liabilities	1.94	-
	<u>1,334.42</u>	<u>325.53</u>

As at March 31, 2019 and March 31, 2018, the Company's entire foreign currency exposure are unhedged.

**(ii) Sensitivity analysis**

Profit or loss is sensitive to changes in foreign exchange rates arising from foreign current denominated financial instruments

Impact on profit/loss after tax	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
INR /EUR- Increase by 6% *	79.96	(14.50)
INR /EUR- Decrease by 6% *	(79.96)	14.50

\* holding all other variables constant

Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Note 25: Financial risk management

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(i) Exposure to Interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows.

Variable Rate Instruments	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
External Commercial Borrowings in FC	1,324.18	322.48
	<u>1,324.18</u>	<u>322.48</u>

(ii) Sensitivity analysis

Profit or loss is sensitive to higher/lower interest charges on borrowings as a result of changes in interest rates.

Impact on profit/loss after tax	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Interest rates (increase) by 100 basis points	(13.24)	(1.20)
Interest rates decrease by 100 basis points	13.24	1.20

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per the requirements.

The Company has sufficient cash flows to meet its financial obligations as and when they fall due.

Liquidity risk - Table

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at March 31, 2019	Rs. in Millions			
	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Borrowings	-	1,324.18	-	1,324.18
Trade and other payables	-	-	-	-
Other financial liabilities	89.36	-	-	89.36
Total non-derivatives	<u>89.36</u>	<u>1,324.18</u>	<u>-</u>	<u>1,413.54</u>

As at March 31, 2018	Rs. in Millions			
	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Borrowings	-	322.48	-	322.48
Trade and other payables	13.32	-	-	13.32
Other financial liabilities	52.27	-	-	52.27
Total non-derivatives	<u>65.60</u>	<u>322.48</u>	<u>-</u>	<u>388.08</u>

Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

**Note 26 : Capital risk management**

The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long term operating plans which includes capital and other strategic investments.

The Company determines the amount of capital required on the basis of annual business plan coupled with new activity pertaining to business scope. The funding needs are met through equity, cash generated from operations and long term borrowings from shareholders.

The Company's adjusted Net Debt to Equity ratio are as follows

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Total Borrowings	1,324.18	322.48
Less: Cash and cash equivalents	850.24	237.06
Adjusted net debt (a)	473.94	85.42
Total equity (b)	484.42	97.81
Adjusted net debt to equity ratio (a) / (b)	0.98	0.87

Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Note 27: Disclosure under Ind AS 19 "Employee Benefits"

a) Defined contribution plan

The following amount recognized as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2019
Contribution to provident fund	1.27	0.41
Contribution to employee pension scheme	0.62	0.41
<b>Total</b>	<b>1.89</b>	<b>0.81</b>

b) Defined benefit plan

i) Gratuity

The guidance on implementing Ind AS 19, Employee Benefits issued by Accounting Standard Board states benefit involving employee established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans

The following tables summarises the The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Opening defined benefit liability / (assets)	0.37	-
Net employee benefit expense recognised in the employee cost		
Current service cost	0.58	0.37
Past service cost	-	-
Interest cost on benefit obligation	0.03	-
(Gain) / losses on settlement	-	-
Net benefit expense	0.61	0.37
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the year due to :		
Return on plan assets, excluding amounts included in interest expense/(income)	-	-
Actuarial loss / (gain) arising from change in financial assumptions	0.02	-
Actuarial loss / (gain) arising on account of experience changes	0.26	-
Experience (gains)/losses	-	-
Amount recognized in OCI	0.28	-
Benefits paid	(0.09)	-
Closing net defined benefit liability / (asset)	1.17	0.37

The net liability disclosed above relates to unfunded plan is as follows:

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations		
Fair value of plan assets	-	-
Present value of unfunded obligations	1.17	0.37
Amount not recognised as an asset (asset ceiling)	-	-
	<b>1.17</b>	<b>0.37</b>
Net liability is bifurcated as follows :		
Current Rs. 3,979 (March 31, 2018: Rs. 1,619)	0.00	0.00
Non-current	1.17	0.37
<b>Total</b>	<b>1.17</b>	<b>0.37</b>

Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Note 27: Disclosure under Ind AS 19 "Employee Benefits"

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.80%	7.70%
Expected rate of return on plan assets (p.a.)	-	
Salary escalation rate (p.a.)	10.00%	9.75%
Mortality pre-retirement	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative analysis for significant assumption is as shown below:

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Assumptions -Discount rate</b>		
Sensitivity Level		
Impact on defined benefit obligation -in % increase	50 bp	50 bp
Impact on defined benefit obligation -in % decrease	-6.37%	-6.55%
Assumptions -Future salary increases		
Sensitivity Level		
Impact on defined benefit obligation -in % increase	50 bp	50 bp
Impact on defined benefit obligation -in % decrease	6.85%	7.08%
	-6.28%	-6.46%

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Within the next 12 months (next annual reporting year) Rs. 3,979 (March 31, 2018: Rs. 1,619)	0.00	0.00
Between 2 and 5 years	0.31	0.16
Between 6 and 9 years	0.19	0.05
For and Beyond 10 years	3.97	1.29
Total expected payments	4.47	1.50
The weighted average duration of the defined benefit plan obligation at the end of the reporting year	13.37 years	13.78 years

c) Earned leave

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
The actuarial liability of earned leave of the employees of the Company	1.42	1.36
Discounting rate	7.80%	7.70%
Salary escalation rate	10.00%	9.75%



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Notes to financial statements for the year ended March 31, 2019

Note 28: Disclosure relating to Ind AS 17 "Leases"

The Company has accounted for leasehold land as finance lease from Reliance Aerostructure Limited by way of lease hold rights for the period of April 5, 2018 to April 4, 2048.

a) Finance lease- Land

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
The net carrying amount of asset at the end of the reporting period	228.00	-
	228.00	-

b) Minimum future lease payments

As at March 31, 2019	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Minimum lease payments	-	-	-	-
Future finance charge	-	-	-	-
Present value of minimum lease payments	-	-	-	-

  

As at March 31, 2018	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Minimum lease payments	-	-	-	-
Future finance charge	-	-	-	-
Present value of minimum lease payments	-	-	-	-

c) Contingent rent

Particulars	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Contingent rents recognised as an expense in the period	-	-
	-	-

Dassault Rafale Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Note 29: Income tax and deferred tax (net) :

29 (a) Income tax expense		Rs. in Millions	
Particulars	As at March 31, 2019	As at March 31, 2018	
<b>(a) Income tax expense</b>			
<i>Current tax</i>			
Current tax on profits for the year	-	-	
Adjustments for current tax of prior periods	0.67	-	
<b>Total current tax expense (A)</b>	<b>0.67</b>	<b>-</b>	
<i>Deferred tax</i>			
Decrease/(increase) in deferred tax assets	-	-	
(Decrease)/increase in deferred tax liabilities	-	-	
<b>Total deferred tax expense/(benefit) (B)</b>	<b>-</b>	<b>-</b>	
<b>Income tax expense (A + B)</b>	<b>0.67</b>	<b>-</b>	

29(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		Rs. in Millions	
Particulars	As at March 31, 2019	As at March 31, 2018	
Loss before income tax expense	(59.49)	(39.69)	
<b>Tax at the Indian tax rate of 25.75%</b>	<b>(15.32)</b>	<b>(10.22)</b>	
Tax losses for which no deferred income tax was recognised	15.32	10.22	
Adjustments for current tax of prior periods	0.67	-	
<b>Income tax expense charged to Statement of Profit and Loss</b>	<b>0.67</b>	<b>-</b>	

29 (c) Amounts recognised in respect of current tax/deferred tax directly in equity		Rs. in Millions	
Particulars	As at March 31, 2019	As at March 31, 2018	
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-	

\* The Company has not recognised deferred tax assets as above in absence of reasonable certainty around the taxable future profits against which the same can be realised.

Dassault Reliance Aerospace Limited  
Notes to financial statements for the year ended March 31, 2019

Note 30: Capital Commitments

	Rs. in Millions	
	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	426.55	6.13
	<u>426.55</u>	<u>6.13</u>

Note 31: Previous year figures are for the period of February 10, 2017 to March 31, 2018, therefore not comparable with current year figures.

As per our attached report of even date

For S. N. Dhawan & CO LLP  
Chartered Accountants  
Firm Registration No. 000050N / NS0004

Rajeev K Saxena  
Partner  
Membership No. 077974

For and on behalf of the Board of Directors

Anthony Jesudasan  
Director  
DIN :00325390

Richard Jean Lavaud  
Director  
DIN :05274897

Sampathkumar S T  
Chief Executive Officer

Ashish Nimkar  
Chief Financial Officer

Ishant Bhanuwal  
Company Secretary

Place : New Delhi  
Date : 22 May 2019

Place : New Delhi  
Date : 22 May 2019