Independent Auditor's Report

To the Members of Aerostructures Assemblies India Private Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Aerostructures Assemblies India Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the 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.

2. 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Other Information

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

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

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

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Bangalore

Responsibilities of management and those charged with governance for the financial statements

5. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.

6. 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

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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; but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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.

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

Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2020 ("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.

11. 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), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

(f) Clause (i) of Section 143(3) on internal financial controls with reference to financial statements is not applicable pursuant to notification G.S.R 583(E) dated 13 June 2017.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

Chartered Accountants LLPIN AAC-5001 012754N/N500016 Bangalore

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 36(vi)(a) to the financial statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 36(vi)(b) to the financial statements); and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

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12. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number:012754N/N500016

Prashant

Prashant Kabra
Partner
Membership Number: 217667
UDIN: 23217667BGZBCX4106

Place: Bengaluru
Date: July 18, 2023

Annexure A to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Aerostructures Assemblies India Private Limited on the financial statements as of and for the year ended March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items 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. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties (Refer Note 4 to the financial statements). Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.

(d) The Company has chosen cost model for its Property, plant and equipment (including Right of Use assets) and Intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of
Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. No discrepancies noticed on physical verification of inventory as compared to book records were 10% or more in aggregate for each class of inventory.

(b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions (on the basis of security of current assets) and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

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iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues in respect of goods and services tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs and other material statutory dues, as applicable, with the appropriate authorities.

The extent of the arrears of statutory dues outstanding as at March 31, 2023, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs. In thousands)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Goods and Services Tax Act	Goods and Services Tax	13	FY 2021-22	Various	Not yet paid	

Also, refer Note 28(ii) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) as at March 31, 2023, which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

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(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) 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, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) 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, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) 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, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.

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xiv. In our opinion and according to the information and explanation given to us, the Company's internal audit system is not commensurate with the size and nature of its business. Further, the Company was not mandated to have an internal audit system during the year.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.

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

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has one CIC as part of the Group as detailed in Note 36(xii) to the financial statements. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 35 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. The provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

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xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Prashant

Prashant Kabra
Partner
Membership Number: 217667
UDIN: 23217667BGZBCX4106

Place: Bengaluru
Date: July 18, 2023

Aerostructures Assemblies India Private Limited CIN : U29253KA2013PTC067804

Balance Sheet

(All amounts are in INR Thousands, except share data, unless otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4(i)	23,873	27,419
Right-of-use assets	4(ii)	45,719	54,251
Intangible assets	5	5,954	7,152
Income tax asset	7	1,364	2,523
Financial assets			
Other financial assets	6 (iv)	7,855	12,657
Other non-current assets	8	14	1,885
Total non-current assets		**84,779**	**105,887**
Current assets			
Inventories	9	193,849	116,812
Financial assets			
Trade receivables	6 (i)	74,623	114,784
Cash and cash equivalents	6 (ii)	454	152
Bank balances other than cash and cash equivalents	6 (iii)	2,284	-
Other financial assets	6 (iv)	104	93
Other current assets	8	6,266	4,997
Total current assets		**277,580**	**236,838**
Total assets		**362,359**	**342,725**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	288,608	288,608
Other Equity			
Reserves and surplus	11 (i)	(180,178)	(183,061)
Other reserves	11 (ii)	4,894	3,890
Total equity		**113,324**	**109,437**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	4 (iii)	53,120	60,290
Employee benefit obligations	12	2,888	3,260
Total non current liabilities		**56,008**	**63,550**
Current liabilities			
Financial liabilities			
Borrowings	13 (i)	24,265	24,887
Lease liabilities	4 (iii)	7,167	5,809
Trade payables	13 (ii)		
(a) total outstanding dues of micro and small enterprises		1,445	-
(b) total outstanding dues other than (a) above		144,942	112,005
Other financial liabilities	13 (iii)	12,152	24,054
Employee benefit obligations	12	2,125	2,277
Other current liabilities	14	931	706
Total current liabilities		**193,027**	**169,738**
Total liabilities		**249,035**	**233,288**
Total equity and liabilities		**362,359**	**342,725**

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

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

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Prashant

Prashant Kabra
Partner
Membership No.: 217667

Place: Bengaluru
Date : July 18, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
DIN: 09515485

Place: Belagavi
Date : July 18, 2023

Shirish Ganamukhi
Director
DIN: 09246883

Place: Belagavi

Chandana Patil
Company Secretary
M.No: A34129

Place: Belagavi

Aerostructures Assemblies India Private Limited CIN : U29253KA2013PTC067804

Statement of Profit and Loss

(All amounts are in INR Thousands, except share data, unless otherwise stated)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	16	639,446	487,680
Other income	17 (a)	-	444
Other gains/(losses) - net	17 (b)	(1,204)	1,766
Total income (A)		**638,242**	**489,890**
Expenses			
Cost of materials consumed	19	478,714	331,959
Changes in inventories of work-in-progress and finished goods	20	(3,332)	(12,368)
Employee benefit expense	21	64,323	51,650
Other expenses	23	66,229	56,994
Total direct cost (B)		**605,934**	**428,235**
Earnings before interest, tax, depreciation and amortisation (A-B)		**32,308**	**61,655**
Depreciation and amortisation expense	22	21,397	21,341
Finance income	18	(774)	(591)
Finance costs	24	9,809	11,278
Total		**30,432**	**32,028**
Profit before tax		**1,876**	**29,627**
Income tax expense			
- Current tax	15	-	-
- Deferred tax	15	-	-
Total tax expense		-	-
Profit for the year		**1,876**	**29,627**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations	12	331	632
Other comprehensive income for the year		**331**	**632**
Total comprehensive income for the year		**2,207**	**30,259**
Earnings per equity share: – Basic and Diluted [Nominal value per share: INR 10 (March 31, 2022: INR 10)]	32	0.07	1.03

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

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

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Prashant Kabra
Partner
Membership No.: 217667

Place: Bengaluru
Date : July 18, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
DIN: 09515485

Place: Belagavi
Date : July 18, 2023

Shirish Gahamukhi
Director
DIN: 09246883

Place: Belagavi

Chandana Patil
Company Secretary
M.No: A34129

Place: Belagavi

Aerostructures Assemblies India Private Limited CIN : U29253KA2013PTC067804
Statement of Cash Flows
(All amounts are in INR Thousands, except share data, unless otherwise stated)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities		
Profit before tax	1,876	29,627
Adjustments for:		
Depreciation and amortisation expense	21,397	21,341
Impairment losses on financial assets	1,179	366
Provision for slow moving inventory	3,036	1,154
Provision for balances with statutory/government authorities	(1,333)	142
Employee stock option scheme expense	676	64
Finance income	(774)	(591)
Finance costs	9,809	11,278
Unrealized foreign exchange (gain)/loss - net	(309)	(388)
Change in operating assets and liabilities		
(Increase)/decrease in		
- trade receivables	38,615	(78,597)
- inventories	(80,073)	(54,304)
- other financial assets	(11)	3,746
- other non-current assets	5,365	4,008
- contract assets	-	4,159
- other current assets	(1,269)	(1,864)
Increase/(decrease) in		
- trade payables	34,988	58,324
- employee benefit obligations	(193)	682
- other current financial liabilities	(12,418)	(742)
- other current liabilities	225	129
Cash generated from operations	20,786	(1,466)
Income taxes paid (net of refunds received)	1,159	(965)
Net cash inflow from/(used) operating activities (A)	**21,945**	**(2,431)**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(7,605)	(14,261)
Investments in fixed deposits	(40)	(2,674)
Proceeds from maturity of fixed deposits	2,943	1,103
Interest received	376	160
Net cash outflow from investing activities (B)	**(4,326)**	**(15,672)**
Cash flows from financing activities:		
Principal repayment of lease liabilities (including interest)	(13,191)	(13,291)
Proceeds / (repayment) from short-term borrowings (net)	(698)	14,441
Interest paid	(1,350)	(1,380)
Net cash outflow from financing activities (C)	**(15,239)**	**(230)**

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Aerostructures Assemblies India Pvt. Ltd

Aerostructures Assemblies India Private Limited CIN : U29253KA2013PTC067804
Statement of Cash Flows
(All amounts are in INR Thousands, except share data, unless otherwise stated)

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,380	(18,333)
Cash and cash equivalents at the beginning of the financial year	152	18,485
Effects of exchange rate changes on cash and cash equivalents	70	-
Cash and cash equivalents at end of the year	**2,602**	**152**
Reconciliation of cash and cash equivalents as per the statement of cash flows		
Cash and cash equivalents as per above comprise of the following:		
Cash and cash equivalents [Refer note 6(ii)]		
Balances with banks:		
- in current accounts	195	152
- in EEFC accounts	244	-
Deposit with maturity of more than three months and less than twelve months	2,148	-
Cash on hand	15	-
Balances per statement of cash flows	**2,602**	**152**

The accompanying notes are an integral part of these financial statements.
This is statement of cash flows referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

Prashant

Prashant Kabra
Partner
Membership No.: 217667

Place: Bengaluru
Date : July 18, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
DIN: 09515485
Place: Belagavi
Date : July 18, 2023

Shirish Ganamukhi
Director
DIN: 09246883
Place: Belagavi

Chandana Patil
Company Secretary
M.No: A34129
Place: Belagavi

Aerostructures Assemblies India Private Limited CIN : U29253KA2013PTC067804
Statement of Changes in Equity
(All amounts are in INR Thousands, except share data, unless otherwise stated)

A. Equity share capital

	Note	Amount
Balance as at April 01, 2021		**288,608**
Changes during the year	10	-
Balance at March 31, 2022		**288,608**
Changes during the year	10	-
Balance at March 31, 2023		**288,608**

B. Other equity

Particulars	Reserves and Surplus			Other reserves	Total other equity
	Retained earnings	Securities premium	Share option outstanding account		
Balance as at April 01, 2021	**(218,067)**	**4,372**	**311**	**2,884**	**(210,500)**
Profit for the year	29,627	-	-	-	29,627
Other comprehensive income for the year	632	-	-	-	632
Total comprehensive income for the year	**30,259**	**-**	**-**	**-**	**30,259**
Financial guarantee adjustment	-	-	-	1,006	1,006
Employee stock option expense	-	-	64	-	64
Balance as at March 31, 2022	**(187,808)**	**4,372**	**375**	**3,890**	**(179,171)**
Profit for the year	1,876	-	-	-	1,876
Other comprehensive income for the year	331	-	-	-	331
Total comprehensive income for the year	**2,207**	**-**	**-**	**-**	**2,207**
Financial guarantee adjustment	-	-	-	1,004	1,004
Employee stock option expense	-	-	676	-	676
Balance as at March 31, 2023	**(185,601)**	**4,372**	**1,051**	**4,894**	**(175,284)**

The accompanying notes are an integral part of these financial statements.
This is the Statement of Changes in Equity referred to our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Prashant Kabra
Partner
Membership No.: 217667

Place: Bengaluru
Date : July 18, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
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Director
DIN: 09246883

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Chandana Patil
Company Secretary
M.No: A34129

Aerostructures Assemblies India Private Limited CIN : U29253KA2013PTC067804

Notes forming part of the financial statements for the year ended March 31, 2023
(All amounts are in INR Thousands, except share data, unless otherwise stated)

Note: 1
Background
Aerostructures Assemblies India Private Limited (the 'Company') is incorporated on February 8, 2013. The Company was formed pursuant to an agreement between Aerospace Manufacturing Holdings Private Limited, Aequs Private Limited, Aequs Inc. and Saab AB (publ). The Company has its registered office in Aequs SEZ, Hattargi Village, Taluka Hukkeri, Belgaum, Karnataka and engaged in the business of manufacturing of aerostructure assemblies.

On April 05, 2019, the Company obtained approval from Assistant Commissioner, LVO Belgaum, Government of India to carry on the operations relating to manufacture manufacturing of aerostructure assemblies from its new unit ('Honaga Unit') located 30/1, Honaga Industrial Area, Belagavi.

During the previous year ended March 31, 2022, pursuant to share purchase agreement dated July 14, 2021, Aequs Private Limited had purchased shares of the Company held by SAAB AB (Publ). Further, pursuant to agreement dated November 24, 2021, Aequs Private Limited had purchased shares of the Company held by Aerospace Manufacturing Holdings Private Limited. Consequently, the Company had become a wholly owned subsidiary of Aequs Private Limited.

Note: 2
Summary of Significant accounting policies
This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Going Concern Assumption
The Company has made net profit of INR 1,876 (March 31, 2022: INR 29,627) for the year ended March 31, 2023. The Company's accumulated loss and net worth are 185,601 (March 31, 2022: 187,808) and 113,324 (March 31, 2022: 109,437) respectively as of March 31, 2023. The financial statements have been prepared on the assumption that the Company will continue as a going concern based on business plans approved by the Board of Directors for the year ended March 31, 2023 and the letter of continuing financial support received from the holding company.

2.2 Basis of preparation
(i) Compliance with Ind AS
The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis, except for the following:
- certain financial assets and liabilities are measured at fair value;
- share-based payments; and
- defined benefit obligations

(iii) New and amended standards adopted by the Company:
The Ministry of Corporate Affairs had vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective April 1, 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New and amended standards issued but not effective:
The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective April 1, 2023. The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the company's accounting policy already complies with the now mandatory treatment.

(v) Reclassifications
The Company has reclassfied the following prior period items to ensure consistency with current year grouping / classification.

Particulars	March 31,2022 (as previously reported)	Increase/(Decrease)	March 31,2022 (restated)
Balance Sheet (extract)			
Other non-current assets	11,868	(9,983)	1,885
Other financial assets	5,197	7,460	12,657
Income tax asset	-	2,523	2,523
Reserves and surplus	(179,171)	3,890	(183,061)
Other reserves	-	(3,890)	3,890
Statement of Profit and loss (extract)			
Other income	2,210	(1,766)	444
Other gains/(losses)-net	-	1,766	1,766
Statement of Cash flows (extract)			
Other financial assets	4,151	(405)	3,746
Other non-current assets	3,603	405	4,008

(vi) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.
The Company's Chief Operating Decision Maker (CODM) is identified to be Managing Director and Chief Operating Officer of the holding company, who plans the allocation of resources and assess the performance of the segments. The Company has only one reportable segment 'Contract Manufacturing' to be reported in its financial statements. Refer Note 30 for segment information presented.

(c) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses).

(d) Revenue recognition

Revenue from sale of goods (measured at the amount of transaction price, net of variable consieration) is recognised when the product is delivered as per the International Commercial Terms (INCO terms) mentioned in the customer purchase order.
The Company does not expect to have any contracts where the period between the transfer of goods or services to the customer and payment by the customer exceeds one year. Accordingly, the Company does not adjust any of the transaction prices for time value of money.

Revenue from sale of services is recognized when assembling of goods (materials received from customers, assembled and sent back to the customers) is completed based on contractual terms and control is transferred to the customer, which coincides with the dispatch of goods.
The Company collects GST on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.
A contract asset is recognised when the Company gets the right to consideration in exchange for goods or services that it has transferred to the customers and the right is conditional upon acts other than passage of time.
When the payment exceeds the value of goods supplied or services rendered, a contract liability (advance from customers) is recognised.

(e) Other income

Interest income: Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income from financial assets at amortized cost is calculated using effective interest method and is recognized in the statement of profit and loss using the effective interest rate method.

(f) 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 applicable 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

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

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

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

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(f) Income Tax (Continued.)
Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(g) Leases
Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extensions options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the company, as in the case of lease of buildings, the Company's incremental borrowing rate is used, being the rate that the individual lessee Company would have to pay to borrow the funds necessary to obtain the asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or 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.

Right of use assets are measured at cost comprising of the following:

- The amount of the initial measurement of lease liability
- Any lease payments made on or before the commencement date less any lease incentives received
- Any initial direct cost
- Restoration cost

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Payment associated with short-term lease and all leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

(h) Impairment of assets
The Company does not have goodwill or any other intangible assets with indefinite useful life. Other assets are amortised over estimated useful life and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 group of assets (cash-generating units).

(i) Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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. Bank overdrafts are shown within the borrowings in current liabilities in the balance sheet.

(j) Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can reliably estimated. Provisions are not recognised for future operating losses. Provisions measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an expense.
Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

(k) Trade receivables:
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised (at transaction price) initially at the amount of consideration that is unconditional unless they contain significant financial components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

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(l) Inventories

Inventories include raw materials (including packing materials), stores and spares, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost of raw materials comprises of cost of purchases, freight and other expenses incurred in bringing the raw materials to the manufacturing location, excluding rebates and discounts.

Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items on weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

(ii) Initial Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sale the financial assets.

(iii) Measurement

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

(a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

(b) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other expenses and impairment expenses in other expenses.

(iv) Impairment of financial asset

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 26 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(v) Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the 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 derecognised.

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.

(vi) Income recognition

Interest income from financial assets at amortized cost is calculated using the effective interest method and is recognised in the statement of profit and loss using the effective interest rate method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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(n) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives:

The estimated useful lives of assets are as follows:

Asset	Useful life (in years)	Schedule II useful life (in years)
Plant and machinery	2-10 years	8-15 years
Computer equipment	3 years	3-6 years
Furniture and fittings	2-5 years	10 years
Office equipment	2-5 years	5 years

Leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The useful lives have been determined based on technical evaluation done by the management which are equal to or lower than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets in the course of development or construction and freehold land are not depreciated.

Depreciation commences when the assets are ready for their intended use. 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit and loss within other gains/losses. When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(o) Intangible assets

Intangible assets include Computer software.

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

• it is technically feasible to complete the software so that it will be available for use
• management intends to complete the software and use or sell it
• there is an ability to use or sell the software
• it can be demonstrated how the software will generate probable future economic benefits
• adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
• the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.
Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

The Company amortises intangible assets with finite useful life using the straight-line method over a period of 10 years.

(p) Accounting policy on EBITDA

As permitted by the Guidance Note on Division II -Ind AS Schedule III to the Companies Act 2013, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance income, finance costs and tax expense.

(q) 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. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(r) 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 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.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

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(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(t) 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 recognised in respect of employees ' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities recognised in the balance sheet in respect of leave obligations is the the present value of the obligation at the end of the reporting period. The liability is calculated annually by actuaries using the projected unit credit method. Leave obligations are presented as current liabilities in the balance sheet since 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.

(iii) 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 and ESI.

(a) Gratuity obligations

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(b) Defined Contribution Plans:

The Company pays provident fund contributions to Employees' Provident Fund Organisation and ESI contributions to Employees' State Insurance Corporation 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 recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

Share-based compensation benefits ("Option") are provided to employees through the Aequs Private Limited Employee Stock Option Plan ("plan"). This plan is assessed, managed and administered by Aequs Private Limited.

The fair value of the options granted under the Plan given to the employees of the Company are recognised under employee benefits expense with a corresponding credit to share option outstanding reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price), and
- including the impact of any service and non-market performance vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(u) Bonus

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Financial Guarantee contracts

Financial guarantees provided for no compensation by the joint venturers/holding company to banks on behalf of the company against the credit facilities availed are recognised at fair value akin to a prepaid asset when such guarantees are issued to the bank, with a corresponding increase in equity. The asset is amortized in the statement of profit and loss, within finance costs, over the term of the underlying credit facility starting from the date when amounts from such facility are first drawn. The unamortised balance of the asset at the end of the financial year is set off against the respective outstanding credit facilities.

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(w) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from securities premium.

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(y) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded to nearest thousands as per the requirement of Schedule III of Companies Act, 2013, unless otherwise stated.

Note 3:
Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line in the financial statements.

The areas involving critical estimates are as below :

- Estimation of defined benefit obligation - Note 12
- Estimation of expected credit loss - Note 6(i)
- Estimation of inventory obsolescence - Note 9

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. There are no critical estimates / judgements, other than disclosed above, made by the Management while preparing these financial statements that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities including estimated useful life of intangibles, estimation of loss allowance on trade receivables and deferred tax asset assessment within the next financial year.

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4(i) Property, Plant and Equipment

	Leasehold improvements	Plant and machinery	Computer equipment	Office equipment	Furniture and fittings	Total
Year ended March 31, 2022						
Gross carrying amount						
As at April 01, 2021	1,649	46,008	2,390	1,608	845	52,500
Additions	857	12,144	1,038	39	92	14,170
Closing gross carrying amount	**2,506**	**58,152**	**3,428**	**1,647**	**937**	**66,670**
Accumulated depreciation						
Opening accumulated depreciation	486	25,104	1,245	922	560	28,317
Depreciation charge during the year	357	9,376	799	304	98	10,934
Closing accumulated depreciation	**843**	**34,480**	**2,044**	**1,226**	**658**	**39,251**
Net carrying amount	**1,663**	**23,672**	**1,384**	**421**	**279**	**27,419**
Year ended March 31, 2023						
Gross carrying amount						
As at April 01, 2022	2,506	58,152	3,428	1,647	937	66,670
Additions	227	6,983	597	90	224	8,121
Closing gross carrying amount	**2,733**	**65,135**	**4,025**	**1,737**	**1,161**	**74,791**
Accumulated depreciation						
Opening accumulated depreciation	843	34,480	2,044	1,226	658	39,251
Depreciation charge during the year	538	9,850	901	227	151	11,667
Closing accumulated depreciation	**1,381**	**44,330**	**2,945**	**1,453**	**809**	**50,918**
Net carrying amount	**1,352**	**20,805**	**1,080**	**284**	**352**	**23,873**

a. Refer to Note 34 for information on property, plant and equipment (excluding leasehold improvements) pledged as security.
b. Refer to Note 29 (a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
c. The Company did not have any capital-work-in-progress as at March 31, 2023 and March 31, 2022.

4(ii) Leases

Right of use assets

Particulars	Buildings
Year ended March 31, 2022	
Gross carrying amount	
As at April 01, 2021	81,878
Additions	-
Closing gross carrying amount	**81,878**
Accumulated depreciation	
As at April 01, 2021	18,418
Depreciation charge during the year	9,209
Deletions	-
Closing accumulated depreciation	**27,627**
Net carrying amount	**54,251**
Year ended March 31, 2023	
Gross carrying amount	
As at April 01, 2022	81,878
Additions	-
Closing gross carrying amount	**81,878**
Accumulated depreciation	
As at April 01, 2022	27,627
Depreciation charge during the year	8,532
Deletions	-
Closing accumulated depreciation	**36,159**
Net carrying amount	**45,719**

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4 (iii) Leases

(i) Amounts recognised in Balance Sheet	As at March 31, 2023	As at March 31, 2022
Right-of-use assets		
Buildings	45,719	54,251
Total	**45,719**	**54,251**

	As at March 31, 2023	As at March 31, 2022
Lease liabilities		
Current	7,167	5,809
Non-current	53,120	60,290
Total	**60,287**	**66,099**

Note:
The above lease liabilities are recognised for the lease rentals payable on the buildings that the Company has taken on lease from Aequs SEZ Private Limited. The term of the lease is 10 years which is non-cancellable.

(ii) Amounts recognised in the Statement of Profit and Loss	Year ended March 31, 2023	Year ended March 31, 2022
Buildings	8,532	9,209
Total	**8,532**	**9,209**

	Note	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense (included in finance costs)	24	7,379	8,033
Expense relating to short-term leases (included in other expenses)	23	756	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	23	218	123
Expense relating to variable lease payments not included in lease liabilities (included in other expenses)		-	-

Note:
a. The total cash outflow for leases during the year was INR 13,191 (March 31, 2022: INR 13,291).

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5 **Intangible Assets**

Particulars	Computer Software
Year ended March 31, 2022	
Gross carrying amount	
As at April 01, 2021	10,020
Additions	-
Deletions	-
Closing gross carrying amount	**10,020**
Accumulated amortisation	
Opening accumulated amortisation	1,670
Amortisation charge during the year	1,198
Closing accumulated amortisation	**2,868**
Net carrying amount	7,152
Year ended March 31, 2023	
Gross carrying amount	
As at April 01, 2022	10,020
Additions	-
Closing gross carrying amount	**10,020**
Accumulated amortisation	
Opening accumulated amortisation	2,868
Amortisation charge during the year	1,198
Closing accumulated amortisation	**4,066**
Net carrying amount	**5,954**

Note:
There were no intangible assets under development during the current and previous year.

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6 **Financial Assets**	As at March 31, 2023	As at March 31, 2022
(i) **Trade receivables**		
Trade receivables from contracts with customers - others	75,925	115,895
Trade receivables from contracts with customers – related parties (refer Note 31)	1,307	319
Less: Loss allowance	(2,609)	(1,430)
Total receivables	**74,623**	**114,784**
Break up of security details		
Trade receivables considered good - unsecured	77,232	116,214
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	77,232	116,214
Less: Loss allowance	(2,609)	(1,430)
Total trade receivables	**74,623**	**114,784**

Note:
1. For lien/charge against trade receivables refer Note 34.

Aging of Trade receivables: March 31, 2023

Particulars	**Outstanding for following periods from due date of payment**						
	Not due	**Less than 6 months**	**6 months-1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivables							
considered good	38,711	28,766	9,626	47	80	2	77,232
which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-
Disputed trade receivables							
considered good	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-
Total	38,711	28,766	9,626	47	80	2	**77,232**
Less: Loss allowance	-	(546)	(1,934)	(47)	(80)	(2)	**(2,609)**
Total trade receivables	**38,711**	**28,220**	**7,692**	-	-	-	**74,623**

Aging of Trade receivables: March 31, 2022

Particulars	**Outstanding for following periods from due date of payment**						
	Not due	**Less than 6 months**	**6 months-1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivables							
Considered good	51,830	64,101	133	148	2	-	116,214
Which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-
Disputed trade receivables	-	-	-	-	-	-	-
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-
Total	51,830	64,101	133	148	2.00	-	116,214
Less: Loss allowance	(361)	(897)	(22)	(148)	(2.00)	-	(1,430)
Total trade receivables	**51,469**	**63,204**	**111**	-	-	-	**114,784**

Note: There are no unbilled trade receivables as at March 31, 2023 and March 31, 2022.

(ii) **Cash and cash equivalents**	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
- in current accounts	195	152
- in EEFC accounts	244	-
Cash on hand	15	-
Total cash and cash equivalents	**454**	**152**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting year and prior year.

(All amounts are in INR Thousands, except share data, unless otherwise stated)

		As at March 31, 2023	As at March 31, 2022
6	**Financial Assets(Contd.)**		
(iii)	**Bank balances other than cash and cash equivalents**		
	Deposit with maturity of more than three months and less than twelve months	2,148	-
	Margin money deposits [refer note (a) below]	136	-
	Total bank balances other than cash and cash equivalents	**2,284**	**-**

Note:

a. Margin money deposits with a carrying amount of INR 136 (March 31, 2022: INR Nil) kept with banks as lien towards guarantees extended to customers.

		As at March 31, 2023	As at March 31, 2022
(iv)	**Other financial assets**		
	Non Current		
	Security Deposit [refer note (a) below]	7,845	7,460
	Margin money deposits [refer note (b) below]	10	3,049
	Other bank balances	-	2,148
	Total other non current financial assets	**7,855**	**12,657**

Note: a. Security deposit includes electricity deposit given to Aequs SEZ Private Limited of INR 960 (March 31, 2022: INR 960).

b. Margin money deposits with a carrying amount of INR 10 (March 31, 2022: INR 3,049) kept with banks towards guarantees extended to customers. Margin money deposits are lien marked towards guarantee extended to customer.

		As at March 31, 2023	As at March 31, 2022
	Current		
	Interest accrued on deposit with bank	104	93
	Total other current financial assets	**104**	**93**
7	**Income tax asset**		
	Advance Tax [Net of provision for tax: INR Nil (March 31, 2022: INR Nil)]	1,364	2,523
	Total income tax asset	**1,364**	**2,523**
8	**Other assets**		
	Non Current		
	Prepaid expenses	14	47
	Balances with statutory authorities	-	3,171
	Less: Provision for balances with statutory authorities	-	(1,333)
	Total other non current assets	**14**	**1,885**
	Current		
	Advance to suppliers	1,043	2,104
	Prepaid expenses	2,159	2,893
	Balances with statutory authorities	3,064	-
	Total other current assets	**6,266**	**4,997**
9	**Inventories**		
	Raw materials [includes goods in transit INR 2,435 (March 31, 2022 : INR 903)]	143,086	68,226
	Work-in-progress	10,675	19,447
	Finished goods	33,614	21,510
	Stores and spares	14,479	12,598
		201,854	121,781
	Less: Provision for slow moving stock [refer note (b) below]	(8,005)	(4,969)
	Total Inventories	**193,849**	**116,812**

a. For lien/charge against inventories refer Note 34.

b. Provisions for slow moving stock includes raw material INR 1,552 (March 31, 2022 : INR 119) and stores and spares INR 6,453 (March 31, 2022 : INR 4,850)

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10 Equity share capital

(i) Authorised equity share capital	**Number of shares**
As at April 01, 2021	28,861,000
Increase during the year	-
As at March 31, 2022	28,861,000
Increase during the year	-
As at March 31, 2023	28,861,000

	March 31, 2023	**March 31, 2022**
(ii) Issued, subscribed and fully paid up share capital		
Balance as at the beginning of the year 28,860,802 (March 31, 2022: 28,860,802) equity shares of INR 10/- each	288,608	288,608
Increase during the year	-	-
Total issued, subscribed and fully paid-up share capital	**288,608**	**288,608**

(iii) Movement in Equity share capital

	Number of Shares
As at April 01, 2021	**28,860,802**
Issue of shares during the year	-
As at March 31, 2022	**28,860,802**
Issue of shares during the year	-
As at March 31, 2023	**28,860,802**

(iv) Rights, preferences and restrictions attached to shares
The Company has only one class of equity shares having par value of INR 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holder of equity shares are eligible to receive remaining assets of the Company in proportion to their shareholding.

(v) Details of share holders holding more than 5% of the aggregate shares in the company

	Number of equity shares	**% holding**
As at March 31, 2022		
Aequs Private Limited*	28,860,802	100.00%
As at March 31, 2023		
Aequs Private Limited*	28,860,802	100.00%

*Includes 1 equity share (March 31,2022: 1 equity share) held by Ravi Hugar as nominee shareholder.

(vi) Details of Promoters' shareholding:

As on March 31, 2023

Name of the Promoter	Number of shares	Percentage of total number of shares	Percentage of change during the year
Aequs Private Limited	28,860,802	100%	100%

As on March 31, 2022

Name of the Promoter	Number of shares	Percentage of total number of shares	Percentage of change during the year
Aequs Private Limited	28,860,802	100%	64%
Aerospace Manufacturing Holdings Private Limited	-	-	-38%
Saab AB (publ.)	-	-	-26%

(vii) There are no shares issued for consideration other than cash during the current year and prior year.
(viii) There are no shares reserved for issue under options, contracts or commitments.
(ix) There are no bonus shares issued during the current year and prior year.
(x) There are no shares bought back and forfeited during the current year and prior year.

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11 (i) Reserves and Surplus	As at March 31, 2023	As at March 31, 2022
(a) Retained Earnings	(185,601)	(187,808)
(b) Securities premium	4,372	4,372
(c) Share option outstanding account	1,051	375
Total reserves and surplus	**(180,178)**	**(183,061)**

(a) Retained Earnings

Opening Balance	(187,808)	(218,067)
Net profit for the year	1,876	29,627
Items of other comprehensive income recognised directly in retained earnings :		
- Remeasurement of post employment benefit obligations	331	632
Closing Balance	**(185,601)**	**(187,808)**

(b) Securities premium

Opening Balance	4,372	4,372
Add: Premium on issue of equity shares	-	-
Less: Utilisation towards share issue expenses	-	-
Closing Balance	**4,372**	**4,372**

(c) Share option outstanding account

Opening Balance	375	311
Add: Employee stock option expense	676	64
Closing Balance	**1,051**	**375**

Note: Represents the fair value of share options granted to the employees of the Company by Aequs Private Limited ('APL') , co-venturer of the Company, which will be settled by allotting the shares of the APL. There is no cross charge from APL with respect to the employee stock option expense during the current and previous year. Based on the assessment carried out by the Management, the impact of the stock options issued to the employee of the Company is not material, hence the disclosures as envisaged under Ind AS 102 have not been given in the financial statements.

(ii) Other Reserves

Opening Balance	3,890	2,884
Add: Movement during the year	1,004	1,006
Closing balance	**4,894**	**3,890**

Nature and purpose of reserves

a. Securities premium

Securities Premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Act.

b. Other reserves

Other reserves represents fair value of financial guarantee received from Aequs Private Limited towards the working capital loan - refer Note 13 (i).

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12 Employee benefit obligations	As at March 31, 2023	As at March 31, 2022
Non-current		
Gratuity obligations	2,888	3,260
	2,888	**3,260**
Current		
Gratuity obligations	172	180
Leave obligations	1,953	2,097
	2,125	**2,277**

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave which are classified as other long term benefits.

The amount of the provision of INR 1,953 (March 31, 2022: INR 2,097) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

	As at March 31, 2023	As at March 31, 2022
Leave obligation not expected to settled within next 12 months	1,393	1,521

(ii) Defined contribution plans

The Company has certain defined contribution plans in the form of provident fund and ESI for qualifying employees. The contributions are made to provident fund in India and to ESI scheme as per regulations. The contributions are made to registered provident fund and ESI administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or any constructive obligation. The expense recognised during the year towards defined contribution plan is as follows:

	As at March 31, 2023	As at March 31, 2022
Provident fund	2,436	1,860
Employees State Insurance (ESI)	249	204
	2,685	**2,064**

(iii) Post employment obligations

Gratuity

The Company provides for gratuity for employees in India as per Payment of Gratuity (Amendment) Act, 2018. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on termination/retirement is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is unfunded.

The amount recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	As at March 31, 2023	As at March 31, 2022
Present value of unfunded defined benefit obligation	3,060	3,440
Defined benefit obligation recognised in balance sheet	**3,060**	**3,440**

(a) Total expenses recognised in the statement of profit and loss account (Note 21)	**March 31, 2023**	**March 31, 2022**
Current service cost	869	863
Interest cost	241	226
Past service cost	-	-
Total amount recognised in statement of profit or loss	**1,110**	**1,089**
(b) Amounts recognised in Other comprehensive Income		
(Gains)/losses arising from changes in		
- demographic assumptions	106	(15)
- financial assumptions	(122)	(171)
- experience adjustments	(315)	(446)
Total amount recognised in other comprehensive income	**(331)**	**(632)**
Total amount recognised in statement of profit and loss and other comprehensive income (a+b)	**779**	**457**
(c) Changes in the defined benefit obligation during the year		
Obligations at the beginning of the year	3,440	3,395
Current service cost	869	863
Interest cost	241	226
Benefits paid	(380)	(283)
Acquisition / divestiture	(779)	(129)
Remeasurement (gains)/ losses		
- arising from changes in demographic assumptions.	106	(15)
- arising from changes in financial assumptions.	(122)	(171)
- arising from changes in experience adjustments.	(315)	(446)
Defined benefit obligation as of current year end	**3,060**	**3,440**
Recognized under employee benefit obligations:		
Current	172	180
Non-current	2,888	3,260
Total	**3,060**	**3,440**

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(g) Actuarial Assumptions:	March 31, 2023	March 31, 2022
Discount rate per annum	7.50%	7.20%
Rate of increase in compensation levels	10%	10%
Attrition rate	11% at younger ages and reducing to 1% at older ages according to graduated scale.	9% at younger ages and reducing to 2% at older ages according to graduated scale.
Normal retirement age	58 years	58 years
Mortality table	Indian Assured Lives Mortality (2012-14) Ult table	Indian Assured Lives Mortality (2012-14) Ult table

Sensitivity Analysis
The sensitivity of the defined benefit obligation to changes in the principal assumptions is as under:

Changes in assumption	March 31, 2023	March 31, 2022
Discount Rate		
a. Discount rate - 50 basis points	3,267	3,656
a. Discount rate - 50 basis points impact (%)	-6.74%	6.26%
b. Discount rate + 50 basis points	2,872	3,244
b. Discount rate +50 basis points impact (%)	6.15%	-5.73%
Salary increase rate		
a. Rate - 50 basis points	2,885	3,251
a. Rate - 50 basis points impact (%)	-5.72%	-5.51%
b. Rate + 50 basis points	3,250	3,641
b. Rate + 50 basis points impact (%)	6.18%	5.84%

Sensitivity analysis for each significant actuarial assumptions namely discount rate and salary assumptions have been shown in the table above at the end of the reporting period, showing how the defined benefit obligation would have been affected by the changes. The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except the parameters to be stressed. There is no change in the method from the previous period and the points/ percentage by which the assumptions are stressed are same to that in the previous year.

The mortality and attrition does not have a significant impact on the liability hence are not considered as significant actuarial assumption for the purpose of sensitivity analysis.

Maturity profile of the defined benefit obligations.

b. Expected future cashflows (in Rs.) [Undiscounted]	March 31, 2023	March 31, 2022
Year 1	172	180
Year 2	153	208
Year 3	148	211
Year 4	137	210
Year 5	474	201
Year 6	119	469
Year 7	109	173
Year 8	105	166
Year 9	104	156
Year 10 and above	8,355	7,907
Weighted average duration of the defined benefit obligation in years	12.86 years	11.96 years

Risk Exposure
Through its defined benefit plans, the company is exposed to number of risks, the most significant of which are detailed below:

(i) Market Risk (Discount Rate)
Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
(ii) Longevity Risk
The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age, the longevity risk is not very material.
(iii) Annual Risk
Salary Increase Assumption
Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the obligation at a rate that is higher than expected.
Withdrawal Assumption
If actual withdrawal rates are higher than assumed withdrawal rate assumption, then the benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

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		As at March 31, 2023	As at March 31, 2022
13	**Financial Liabilities**		
(i)	**Borrowings**		
	Current:		
	Secured		
	Working capital loan from banks	24,265	24,887
	Total current borrowings	**24,265**	**24,887**

(a) Refer Note 33 for net debt reconciliation
(b) Refer Note 34 for the carrying amounts of financial and non financial assets pledged as security for current borrowings.
(c) Bank wise summary of borrowings outstanding is as follows:

Sl. No.	Bank Name	Sanction Amount	Loan Outstanding	
			March 31, 2023	March 31, 2022
1	HDFC Bank - Working capital loan	44,664	25,047	25,746
	Current borrowings	**44,664**	**25,047**	**25,746**

Working capital loan:

(i) As at the year end, the Company has a total sanction limit of INR 44,664 (March 31, 2022: INR 50,000) which is split between fund based limit of INR 30,000 (March 31, 2022: INR 30,000) and non-fund based limit of INR 14,664 (March 31, 2022: INR 20,000).

(ii) Working capital facility taken by company from HDFC Bank carries interest rate of 3 month MCLR + 2.25% p.a. Working capital facilities are repayable on demand and are renewable on yearly basis.

(iii) Working capital facilities taken are secured primarily by hypothecation of stock and book debts; further collaterally secured by charge on existing plant and machinery and movable assets and corporate guarantee given by the shareholder Aequs Private Limited.

(iv) The working capital loan is reduced by Ind AS adjustments for unamortised financial guarantee received amounting to INR 782 (March 31, 2022: INR 858)

(v) Details of quarterly statements of current assets filed by the Company with the bank and reconciliation with the books of account for the year ended March 31, 2023:

a. Inventories

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account (gross of provision)	Amount as reported in the quarterly return/ statements	Amount of difference	Reason for discrepancies
30-Jun-22	HDFC Bank	Inventories	110,802	110,700	102	Refer Note 1
30-Sep-22	HDFC Bank	Inventories	124,480	125,500	(1,020)	Refer Note 2
31-Dec-22	HDFC Bank	Inventories	151,158	151,200	(42)	Refer Note 1
31-Mar-23	HDFC Bank	Inventories	201,854	197,000	4,854	Refer Note 2

Notes:

1 Represents rounding off differences.
2 Represents valuation related adjustments made post submission of information to the bank.

b. Trade Receivables

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account (gross of provision)	Amount as reported in the quarterly return/ statements	Amount of difference	Reason for discrepancies
30-Jun-22	HDFC Bank	Trade Receivables	65,579	64,600	979	Refer Note 1 & 2
30-Sep-22	HDFC Bank	Trade Receivables	93,192	87,800	5,392	Refer Note 1 & 2
31-Dec-22	HDFC Bank	Trade Receivables	130,779	126,600	4,179	Refer Note 1 & 2
31-Mar-23	HDFC Bank	Trade Receivables	77,232	85,700	(8,468)	Refer Note 1, 2 & 3

Notes:

1 Represents difference on account of exchange reinstatement adjustment made post submission of information to the bank.
2 Represents difference on account of inter company balances excluded while reporting quarterly to the bank.
3 Represents difference on account of reclassification of balances payable to customer made post submission of information to the bank.

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13 Financial Liabilities (Contd.)

	As at March 31, 2023	As at March 31, 2022
(ii) Trade Payables		
Current:		
Trade payables		
- Dues to micro and small enterprises (MSME) (Refer Note 37)	1,445	-
- Other trade payables	142,685	104,308
Payable to related parties (Refer Note 31)	2,257	7,697
Total trade payables	**146,387**	**112,005**

Aging of Trade payables

March 31, 2023		Outstanding for following period from the due date					
Particulars	Unbilled / Accrued	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed trade payables							
MSME	-	828	617	-	-	-	1,445
Others	7,808	108,416	27,821	188	509	200	144,942
Disputed trade payables							
MSME	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**7,808**	**109,244**	**28,438**	**188**	**509**	**200**	**146,387**

March 31, 2022		Outstanding for following period from the due date					
Particulars	Unbilled / Accrued	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Undisputed trade payables							
MSME	-	-	-	-	-	-	-
Others	3,893	79,409	26,799	1,268	535	101	112,005
Disputed trade payables							
MSME	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**3,893**	**79,409**	**26,799**	**1,268**	**535**	**101**	**112,005**

	As at March 31, 2023	As at March 31, 2022
(iii) Other financial liabilities		
Current:		
Capital creditors	85	601
Employees related liability	3,739	3,377
Payable to related parties (Refer Note 31)	8,328	20,076
Total other current financial liabilities	**12,152**	**24,054**

14 Other Liabilities		
Current:		
Statutory dues payable	931	706
Total other current liabilities	**931**	**706**

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15 Deferred Tax Assets (Net)

A. Deferred tax recognition

Deferred tax asset on timing differences and on unabsorbed depreciation and business loss carried forward has not been recognised in these accounts in the absence of reasonable certainty supported by convincing evidence that sufficient future taxable income will be available for set-off. However, this position will be reassessed at every year end and the deferred tax asset will be accounted for, if appropriate. Deferred tax asset as at March 31, 2023 has been arrived at as follows:

Deferred Tax :

Movement in the deferred tax assets / (liabilities)

	As at April 1, 2021	Charge/(credit) to the statement of profit and loss	Charge/(credit) to other comprehensive income	As at March 31, 2022	Charge/(credit) to the statement of profit and loss	Charge/(credit) to other comprehensive income	As at March 31, 2023
Deferred Tax Asset/(Liabilities) :							
Property, plant & equipment , Intangible Asset	107	569	-	676	1,040	-	1,716
Right of use assets (net of lease liabilities)	2,197	1,099	-	3,296	757	-	4,053
Employment Benefit Obligation - Gratuity	945	12	-	957	(106)	-	851
Employee Benefit Obligation - Leave Encashment	582	1	-	583	(40)	-	543
Bonus	1,024	(100)	-	924	70	-	994
Unabsorbed Depreciation	15,547	(593)	-	14,954	-	-	14,954
Loss carried forward	36,038	(10,377)	-	25,661	(5,021)	-	20,640
Other Items	2,020	73	-	2,093	1,131	-	3,224
Net Deferred Tax Asset	**58,460**	**(9,316)**	-	**49,144**	**(2,169)**	-	**46,975**
Deferred tax (Credit)/Charge for the year	-	-	-	-	-	-	-

The Finance Act, 2001, has introduced, with effect from assessment year 2002-03 detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. Further, the Finance Act, 2012, has widened the ambit of transfer pricing provisions to cover specified domestic transactions. These regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within the due date of filing the Return of Income.

For the year ended March 31, 2022, the Company had undertaken a study to comply with the said transfer pricing regulations for which the prescribed certificate of the Accountant has been obtained and this did not envisage any tax liability.

For the year ended March 31, 2023, the Company is in the process of carrying out a similar study to comply with the said transfer pricing regulations. However, based on the analysis of margins and considering that the terms of agreement with associated enterprises has not changed during the year, the Company is of the view that for the year ended March 31, 2023, the transactions with the said enterprises are on an arm's length basis.

B. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Particulars	March 31, 2023	March 31, 2022
Profit before income tax expense	1,876	29,627
Tax at the rate of 27.82% (March 31, 2022: 27.82%)	522	8,242
Effects of:		
Expenses not allowed as deduction in computation of current tax	721	518
Income not chargeable to tax	(111)	(103)
Expenses on which DT not recognished in the current year	2,374	2,561
Loss Carry Forward (Utilization of Loss against Income form Business)	(3,903)	(11,035)
Others	397	(183)
Total tax expense/(income)	-	-

Company has not recognised the deferred tax asset in the absence of reasonable certainty supported by convincing evidence that sufficient future taxable income will be available for set-off in future years.

Out of the deferred tax asset on account of carry forward unabsorbed depreciation and business loss as disclosed in (A), deferred tax from business losses will reverse in the absence of the future taxable income, in future years, as mentioned below:

Tax losses in respect of which deferred tax asset has not been recognised, expire unutilised based on the year of origination as below:

	March 31, 2023	March 31, 2022
Within five years	74,190	79,508
Later than five years but less than ten years	-	12,730
No expiry	53,753	53,753

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	Year ended March 31, 2023	Year ended March 31, 2022
16 Revenue from operations		
Revenue from contracts with customers		
- Sale of products	631,600	478,913
- Sale of services	7,846	8,767
	639,446	**487,680**
Reconciliation of revenue recognised with contract price:		
Contract Price	649,041	488,669
Adjustments for:		
Less: Deduction towards source inspection and other adjustments	(9,595)	(989)
Total revenue from operations	**639,446**	**487,680**

Note:
(a) There are no unsatisfied performance obligations resulting from contracts with customers as at the reporting date.

	Year ended March 31, 2023	Year ended March 31, 2022
17 Other gains/(losses) - net		
(a) Other income		
Net gain on disposal of property, plant and equipment	-	5
Liability no longer required written back	-	439
Total other income	**-**	**444**
(b) Other gains/(losses) - net		
Net foreign exchange differences	(1,204)	1,766
	(1,204)	**1,766**
18 Finance income		
Interest income on demand deposits	252	219
Unwinding of discount on security deposit	398	372
Interest income on income tax refund	124	-
Total finance income	**774**	**591**
19 Cost of materials consumed		
Raw material consumed		
Opening stock	68,226	28,705
Add: Purchases during the year	553,574	371,480
	621,800	400,185
Less: Closing stock	143,086	68,226
Total cost of raw materials consumed*	**478,714**	**331,959**

*Includes provision for slow moving inventory of INR 1,433 (March 31, 2022: INR 119)

	Year ended March 31, 2023	Year ended March 31, 2022
20 Change in inventories of work in progress and finished goods		
Inventory at the end of the year (a)		
Finished goods	33,614	21,510
Work-in-progress	10,675	19,447
	44,289	40,957
Inventory at the beginning of the year (b)		
Finished goods	21,510	4,653
Work-in-progress	19,447	23,936
	40,957	28,589
Change in inventories of work -in-progress and finished goods (b-a)	**(3,332)**	**(12,368)**

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		Year ended March 31, 2023	Year ended March 31, 2022
21	**Employee benefit expense**		
	Salaries, wages and bonus	57,287	46,509
	Contribution to provident and other funds [Refer Note 12 (ii)]	2,685	2,064
	Employee stock option scheme [Refer Note 11(i) (c)]	676	64
	Leave compensation	49	179
	Gratuity (Refer Note 12)	1,110	1,089
	Staff welfare expenses	2,516	1,745
	Total employee benefit expense	**64,323**	**51,650**
22	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment [Refer note 4(i)]	11,667	10,934
	Depreciation on right-of-use assets	8,532	9,209
	Amortisation of intangible assets (Refer note 5)	1,198	1,198
	Total depreciation and amortisation expense	**21,397**	**21,341**
23	**Other expenses**		
	Consumption of stores and spares [refer note (ii) below]	18,203	12,312
	Subcontracting expenses	10,855	16,305
	Insurance	3,971	2,546
	Power and fuel	3,354	3,014
	Repairs and maintenance:		
	Plant and machinery	6,635	5,429
	Buildings	646	848
	Others	2,706	2,736
	Legal and Professional fees	6,569	5,507
	Payment to auditors [refer note (i) below]	450	310
	Rent [refer note 4(iii)]	974	123
	Printing and stationery	371	179
	Freight & forwarding	3,563	2,226
	Rates and taxes	1,505	210
	Travelling and conveyance	2,011	372
	Communication	3,375	2,034
	Bank charges	917	1,285
	Advertising and sales promotion	266	302
	Provision for doubtful debts (Refer Note 26)	1,179	366
	Provision for doubtful balances with government authorities	(1,333)	142
	Miscellaneous expenses	12	748
	Total other expenses	**66,229**	**56,994**
	(i) Payments to Auditors -		
	As auditor:		
	- Audit fee	450	310
		450	310

(ii) includes provision for slow moving inventory of INR 1,603 (March 31, 2022 : INR 4,850)

24	**Finance costs**		
	Interest expense on short-term borrowings	1,350	1,380
	Interest on lease liabilities	7,379	8,033
	Finance guarantee expense	1,080	1,865
	Total finance costs	**9,809**	**11,278**

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25 Fair value measurement

Financial instruments by category

Particulars	Category	March 31, 2023	March 31, 2022
Financial assets			
Trade receivables	Amortised cost	74,623	114,784
Cash and cash equivalents	Amortised cost	454	152
Bank balances other than cash and cash equivalents	Amortised cost	2,284	-
Other financial assets	Amortised cost	7,959	12,750
Total financial assets		**85,320**	**127,686**
Financial liabilities			
Borrowings	Amortised cost	24,265	24,887
Trade payables	Amortised cost	146,387	112,005
Lease liabilities	Amortised cost	60,287	66,099
Other financial liabilities	Amortised cost	12,152	24,054
Total financial liabilities		**243,091**	**227,045**

There are no financial instruments which are measured at FVOCI.

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value.
(b) recognised and measured at amortised cost and for which fair values are disclosed in the financial statements.
To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table:

Financial assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	Notes	March 31, 2023	March 31, 2022
		Level 3	Level 3
Financial assets			
Trade receivables	6 (i)	74,623	114,784
Cash and cash equivalents	6 (ii)	454	152
Bank balances other than cash and cash equivalents	6 (iii)	2,284	-
Other financial assets	6 (iv)	7,959	12,750
Total financial assets		**85,320**	**127,686**
Financial liabilities			
Borrowings	13 (i)	24,265	24,887
Trade payables	13 (ii)	146,387	112,005
Other financial liabilities	13 (iii)	12,152	24,054
Lease liabilities	4 (iii)	60,287	66,099
Total financial liabilities		**243,091**	**227,045**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (derivative mainly forward contract) 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.
There are no transfers of financial instruments between Level 1,Level 2 and Level 3 during the year.

(ii) Valuation process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

(iii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.
The fair values for interest free security deposits were calculated based on cash flows discounted using a risk free rate of interest. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
For financial assets and financial liabilities that are measured at fair value, the carrying amounts are equal to fair values.

(iv) Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation technique. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

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26 Financial risk management

The Company's business activities exposes it to a variety of financial risks such as liquidity risk, credit risk and market risk. The Company's senior management under the supervision of the Board of Directors has the overall responsibility for establishing and governing the Company's risk management and have established policies to identify and analyse the risks faced by the Company. They help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assesses for the impact on the financial performance. The below table broadly summarises the sources of financial risk to which the entity is exposed to and how the entity manages the risk.

This below table explains the sources of risk which the Company is exposed to and how the Company manages the risk:

Particulars	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables and financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, Customers credit analysis, monitoring of credit limits and bank guarantee
Liquidity risk	Borrowings, security deposits received and other liabilities	Rolling cash flow forecasts	Availability of borrowings facilities
Market risk - Foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian rupee.	Cash flow forecasting, sensitivity analysis.	Natural hedging for receivables and payables.
Market risk -Interest rate risk	Long-term and short-term borrowings at variable rates	Sensitivity analysis	Maintaining a judicious mix of variable and fixed rate debt

A Credit Risk

Credit risk is a risk where the counterparty will not meet its obligations under financial instruments leading to a financial loss. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers including outstanding receivables, other receivables and deposits.

(i) Credit risk management

Credit risk is managed and assessed on a ongoing basis. Only high rated banks/financial institutions are accepted for banking transactions and placement of deposits. For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The finance function assess and maintain an internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A : High-quality assets, negligible credit risk
B : Low quality assets, high credit risk
C : Doubtful assets, credit-impaired

The company considers the probability of defaults upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the entity compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information especially :

1. Internal credit rating
2. External credit rating (to extent available)
3. Any significant change in business, financial or economic conditions that are expected to cause a significant change in the payer's ability to meet its obligations, including changes in operating results and payment status.

Macro economic information (such as regulatory changes, legal changes, interest rate changes) are incorporated as a part of internal rating model. Default of a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due or when the debtor's internal credit rating is downgraded to the lowest internal credit rating. This definition of default is determined by considering the business environment in which the entity operates and other-macro economic factors.

The company continuously monitors the credit worthiness of the customers and reassesses the credit limits on an ongoing basis.

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26 Financial risk management (contd.)

(ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

Internal rating	Category	Description of category	Basis for recognition of expected credit loss provision	
			Deposits	Trade receivables
A	High-quality assets, negligible credit risk	Assets where the counter party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	12-month expected credit losses	Life-time expected credit losses
B	Low quality assets, high credit risk	Assets where there is a moderate probability of default. In general, assets where contractual payments are more days than past due are categorised as low quality assets. Also includes assets where the credit risk of counter party has increased significantly though payments may not be more than past due.	Life-time expected credit losses	Life-time expected credit losses
C	Doubtful assets, credit-impaired	Assets are written off where there is no reasonable expectation of recovery. Where loans and receivables are written off, the company continues to engage in enforcement activity to attempt or recover the receivable due. Where recoveries are made, they are recognised in Statement of Profit and Loss.	Asset is fully provided for or written off	

The Company's financial assets mainly comprise of trade receivables, deposits with bank & security deposits.

1) **Security Deposits :**

Deposits are classified under the A category having negligible or nil risk based on past history of defaults and reasonable forward looking information. Security deposits comprises of mainly refundable deposits made on buildings (leased premises) taken under operating lease. Since these are assets with nil risk, the expected probability of default is "0%" and hence no provision for expected credit losses are made in the financial statements.

2) **Deposits with bank :**

They are considered to be having negligible risk or nil risk, as they are maintained with high rated banks and the period of such deposits is maximum one year.

No expected credit loss provision has been created for against security deposits, since the Company considers the life time credit risk of these financial assets to be very low.

3) **Expected credit loss for trade receivables under simplified approach**

Year ended March 31, 2023

	Not Due	0-90 days	91-180 days	181-365 days	> 365 days	Total
Gross carrying amount – trade receivables	38,711	28,725	41	9,626	129	77,232
Expected loss rate	0.00%	1.89%	9.37%	20.09%	100.00%	
Expected credit loss (loss allowance provision)– trade receivables	-	542	4	1,934	129	2,609
Carrying amount of trade receivables (net of impairment)	38,711	28,183	37	7,692	-	74,623

Year ended March 31, 2022

	Not Due	0-90 days	91-180 days	181-365 days	> 365 days	Total
Gross carrying amount – trade receivables	51,830	59,782	4,319	133	150	116,214
Expected loss rate	0.70%	1.19%	4.31%	16.60%	100.00%	
Expected credit loss (loss allowance provision)– trade receivables	361	711	186	22	150	1,430
Expected credit loss (loss allowance provision)– contract assets	-	-	-	-	-	-
Carrying amount of trade receivables (net of impairment)	51,469	59,071	4,133	111	-	114,784

Note: The Company did not have any contract assets as at March 31, 2023 and March 31, 2022.

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26 Financial risk management (contd.)

Year ended March 31, 2023

Reconciliation of loss allowance provision

	Trade Receivables	Contract Assets	Total
As at April 01, 2021	963	101	1,064
Utilised during the year	-	-	-
Charged/(written back) to profit and loss	467	(101)	366
As at March 31, 2022	1,430	-	1,430
Utilised during the year	-	-	-
Charged/(written back) to profit and loss	1,179	-	1,179
As at March 31, 2023	2,609	-	2,609

During the year, the Company made no write-offs of trade receivables. It does not except to receive future cash flows or recoveries from collection of cash flows previously written off.

B Liquidity Risk

Liquidity risk is a risk where an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability of required funds.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(i) **Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2023	March 31, 2022
A. Expiring within one year	24,953	24,254
B. Expiring beyond one year (bank loans)	-	-
	24,953	**24,254**

(ii) **Maturities of financial Liabilities**

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	**Less than 12 months**	**More than 12 months**	**Total**
As at March 31, 2023			
Borrowings	24,265	-	24,265
Trade payables	146,387	-	146,387
Lease liabilities	7,167	53,120	60,287
Other financial liabilities	12,152	-	12,152
Total non derivative liabilities	**189,971**	**53,120**	**243,091**

Contractual maturities of financial liabilities	**Less than 12 months**	**More than 12 months**	**Total**
As at March 31, 2022			
Borrowings	24,887	-	24,887
Trade payables	112,005	-	112,005
Lease liabilities	5,809	60,290	66,099
Other financial liabilities	24,054	-	24,054
Total non derivative liabilities	**166,755**	**60,290**	**227,045**

C Market Risk

Market risk is a risk where the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) **Foreign currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions. 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 sensitivity analysis of probable movement in exchange rate as at the reporting period.

The Company primarily imports materials which are denominated in foreign currency which exposes it to foreign currency risk. The Company has a natural hedge in terms of payables and receivables being in the same foreign currency, USD.

(All amounts are in INR Thousands, except share data, unless otherwise stated)

26 **Financial risk management (contd.)**

(a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR as against respective foreign currency are as follows:

	March 31, 2023		
	GBP	USD	EUR
Financial assets			
Trade receivables	-	67,462	17
Bank balance in EEFC accounts	-	244	-
Advance to suppliers	76	57	632
Net exposure to foreign currency risk (assets)	**76**	**67,763**	**649**
Financial liabilities			
Trade payables	2	127,764	3,705
Net exposure to foreign currency risk (liabilities)	**2**	**127,764**	**3,705**

	March 31, 2022		
	GBP	USD	EUR
Financial assets			
Trade receivables	-	83,917	-
Net exposure to foreign currency risk (assets)	-	**83,917**	-
Financial liabilities			
Trade payables	-	90,612	2,470
Net exposure to foreign currency risk (liabilities)	-	**90,612**	**2,470**

(b) Sensitivity

The sensitivity of profit or loss to changes in exchange rates arising from foreign currency denominated financial instruments is given below.

Particulars	Impact on profit after tax	
	March 31, 2023	March 31, 2022
USD Sensitivity		
INR/USD - Increase by 5%	(2,165)	(242)
INR/USD - decrease by 5%	2,165	242
GBP Sensitivity		
INR/GBP - Increase by 5%	3	-
INR/GBP - decrease by 5%	(3)	-
EUR Sensitivity		
INR/EUR - Increase by 5%	(110)	(89)
INR/EUR - decrease by 5%	110	89

(ii) Interest rate risk

(a) The exposure of Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	March 31, 2023	March 31, 2022
Variable rate borrowings	25,047	25,746
Total borrowings	**25,047**	**25,746**

Variable rate borrowings	25,047	25,746
Less: Adjustments for unamortised financial guarantee expense	(782)	(859)
Net variable rate borrowings (refer note 13)	**24,265**	**24,887**

(b) Profit & loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit after tax	
	March 31, 2023	March 31, 2022
Interest rates - increase by 50 basis points	(90)	(93)
Interest rates - decrease by 50 basis points	90	93

(iii) Price risk

Price risk is the risk of a decline in the value of a security or an investment portfolio. The Company is not exposed to such risks, as it has not invested in any such securities.

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27 Capital management

Risk Management

For the purpose of Company's Capital management, capital includes issued equity capital and all other reserves attributable to the equity holders of the Company.

The Company's objectives when managing capital are to:

(i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) Maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using gearing ratio and is measured by Net debt (total borrowings excluding bank overdraft)

(i) The below table depicts the companies net debt to equity ratio:

Particulars	March 31, 2023	March 31, 2022
Net Debt (Refer Note 33)	84,098	90,834
Total equity	113,324	109,437
Net debt to equity ratio	74.21%	83.00%

The Net debt to equity ratio for the current year has decreased to 74.21% from 83.00% on account of overall increase in earnings with a reduction in lease liabilities.

(ii) Loan covenants

Working capital facilities, the Company is required to comply with following financial covenants :

(i) Adjusted net worth (TNW) > 55,000

(ii) Total outstanding liabilities (TOL) /Adjusted total net worth (TOL/TNW) < 3x

As at the year end, TNW was 113,324 and TOL/TNW was 2.20 and accordingly the company has complied with the above debt covenants.

28 Contingent liabilities

	March 31, 2023	March 31, 2022
Claims against the group not acknowledged as debts	-	-

(i) Contingent liabilities does not include performance bank guarantees given to customers.

(ii) The Company has evaluated the impact of the Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the Company expects that the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements. Further, the Company has complied with the above judgement and has revised the wages of its employees with effect from April 01, 2019.

29 Commitments

(a) Estimated amount of contracts remaining to be executed on capital account net of advances and not provided for:

Particulars	March 31, 2023	March 31, 2022
Property, plant and equipment	2,705	2,878
	2,705	**2,878**

(b) Operating Lease: Company as lessee

The Company has non cancellable operating lease for factory buildings for 15 years. These leases can be renewed on mutual agreement between the lessor and lessee at the end of the lease term. The lease rent would be increased by 5% every year. There are no sub leases.

From 1 April 2019, the Company has recognised right-of-use assets for these leases, except for short term leases.

	March 31, 2023	March 31, 2022
Rental expenses relating to operating lease	974	123

(All amounts are in INR Thousands, except share data, unless otherwise stated)

30 Segment Information

(a) Description of segments and principal activities.
The Company is primarily engaged in the business of contract manufacturing. The Company's Chief Operating Decision Maker (CODM) is identified to be Managing Director and Chief Operating Officer of the holding company, who plans the allocation of resources and assess the performance of the segments. The Company's CODM reviews the financial information by considering the entity as a whole, hence the operating segment being the Company as one single segment - 'Contract Manufacturing'.

The Company is domiciled in India. Although the Company's major operating divisions are managed on a worldwide basis, they operate in three principal geographical areas of the world. In Asia, the Company manufactures, sells aerostructure assemblies. The Company exports to Europe and Asia. The amount of its revenue from external customers specified by location of customers are presented in the below table:

Particulars	March 31, 2023	March 31, 2022
Net revenue		
Asia	8,628	59,114
North America	3,215	73
Europe	627,603	428,493
	639,446	487,680

The Company recognises revenue from transfer of goods and services at a point of time and there are no contracts where revenue is to be recognised over a period of time.

The CODM primarily uses the measure of profit to assess the performance of the operating segments.

	March 31, 2023	March 31, 2022
EBITDA	32,308	61,655

The CODM reviews the Company as one reportable segment, hence no further segregation has been done.

Revenues from major customers is as follows:

Customer	March 31, 2023		March 31, 2022		Geographical location
	Revenue	% of total revenue	Revenue	% of total revenue	
Customer 1	627,603	98%	428,493	88%	Outside India
Customer 2	-	0%	49,012	10%	India

There are no segment assets or liabilities to be disclosed as required by Ind AS 108.

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31 Related Party Disclosures

Name of Related parties where control exist irrespective of whether transactions have occurred or not

Relationship	Name of the related party
Ultimate holding company	: Melligeri Foundation, Cayman Islands
Intermediate holding company	: Aequs Manufacturing Investment Private Limited, Maruitius*
Holding Company	: Aequs Private Limited ('APL') w.e.f. July 17, 2021
Joint Venturers (upto July 16, 2021)	: Aequs Private Limited ('APL') : Aerospace Manufacturing Holdings Private Limited ('AMHPL') * : SAAB AB (publ.) ('SAAB'), Sweden

Name of other related parties with whom transactions have taken place during the current and previous year:

Relationship	Name of the related party
Enterprises on which, Holding company exercise joint control	: Aerospace Processing India Private Limited ('API')
Fellow Subsidiaries	: AeroStructures Manufacturing India Private Limited ('ASMIPL') : Aerospace Manufacturing Holdings Private Limited ('AMHPL') (w.e.f. July 17, 2021) : Aequs Force Consumer Products Private Limited ('AFCPPL') : Aequs Consumer Products Private Limited ('ACPPL') : Aequs Aero Machine ('AAM'), United States of America
Enterprises in which individuals owning interest in the Company, or their relatives have control	: Aequs SEZ Private Limited ('Aequs SEZ') : Industrial Knowledge Centre Private Limited ('IKCPL')
Key Management Personnel	Mr. Radhakrishna Vuppunda (from September 6, 2021 till August 19, 2022)

Names of other related parties with whom transactions have not taken place during the current and previous year:

Relationship	Name of the related party
Key Management Personnel	: Mr. Rajeev Kaul (till April 24, 2022) : Mr. Dinesh Iyer (w.e.f. from April 23, 2022) : Mr. Shirish Ganamukhi (w.e.f. from April 23, 2022)

* There were no transactions during the current and previous year.

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(All amounts are in INR Thousands, except share data, unless otherwise stated)

A. Transactions with related parties

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Aequs SEZ		
Expenses incurred on behalf of the Company	5,792	3,226
Maintenance charges	2,010	2,895
Rent	13,220	12,755
APL		
Expenses incurred on behalf of the Company	18,780	11,052
Services received	2,157	2,521
Fair value of financial guarantee received	1,004	1,100
SAAB AB		
Revenue from sale of goods	-	93,255
ASMIPL		
Expenses incurred on behalf of the Company	720	39
Purchase of goods	2,579	265
Revenue from sale of goods	637	267
API		
Services received	114	262
Purchase of goods	456	17
AFCPPL		
Expenses incurred on behalf of the Company	517	-
ACPPL		
Expenses incurred on behalf of the Company	779	-
AAM		
Revenue from sale of goods	3,215	73
IKCPL		
Services received	609	-
Mr. Radhakrishna Vuppunda		
Managerial remuneration paid	1,897	1,775

B. Balance at the year end

Particulars	As at March 31, 2023	As at March 31, 2022
Aequs SEZ		
Trade payables	981	3,902
Security deposit given	10,288	10,288
APL		
Trade payables	615	3,530
Dues to related parties	7,030	20,069
Dues from related parties	-	73
ASMIPL		
Trade payables	339	265
Dues to related parties	2	7
Trade receivables	818	246
Dues from related parties	-	65
AAM		
Trade receivables	489	73
AFCPPL		
Dues to related parties	517	-
ACPPL		
Dues to related parties	779	-
IKCPL		
Trade payables	322	-

Note:

a. All transactions were made on normal commercial terms and conditions and are at arm's length price.

b. There is no loss allowance for receivables in relation to any outstanding balances, and no loss allowance has been recognised during the year in respect of receivables due from related parties.

c. Refer to Note 11(ii) for the corporate guarantees extended to the Company by the related parties against the borrowings taken by the Company.

d. All outstanding balances are unsecured and repayable in cash.

e. A letter of continuing financial support received from Aequs Private Limited.

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32 Earnings per Share

	As at March 31, 2023	As at March 31, 2022
(a) Nominal value of Equity Share (INR)	10	10
(b) Weighted average number of equity shares outstanding of INR 10 each	28,860,802	28,860,802
(c) Profit attributable to the equity share holders used in calculating basic earnings per share	1,876	29,627
(d) Earnings per share - Basic	0.07	1.03

Diluted earning per share - There is no dilution to the basic earnings per share as there are no dilutive potential equity shares.

33 Net debt reconciliation:

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	454	152
Lease liabilities	(60,287)	(66,099)
Current borrowings	(24,265)	(24,887)
Net debt	**(84,098)**	**(90,834)**

Particulars	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Lease liabilities	Current borrowings	
Net debt as at April 1, 2021	18,485	(71,357)	(9,588)	(62,460)
Cash flows	(18,333)	-	(14,441)	(32,774)
Repayments	-	5,258	-	5,258
Non-cash adjustments	-	-	(858)	(858)
Interest expense	-	(8,033)	(1,380)	(9,413)
Interest paid	-	8,033	1,380	9,413
Net debt as at March 31, 2022	**152**	**(66,099)**	**(24,887)**	**(90,834)**
Cash flows	2,380	-	698	3,078
Repayments	-	5,812	-	5,812
Non-cash adjustments	-	-	(76)	(76)
Foreign currency adjustments	70	-	-	70
Interest expense	-	(7,379)	(1,350)	(8,729)
Interest paid	-	7,379	1,350	8,729
As at March 31, 2023	**454**	**(60,287)**	**(24,265)**	**(84,098)**

34 Assets pledged as security

The carrying amount of assets pledged as security for current borrowings are:

Particulars	**March 31, 2023**	**March 31, 2022**
Current		
A. Financial assets:		
- Trade receivables	74,623	114,784
B. Non financial assets:		
- Inventories	193,849	116,812
Total current assets pledged as security	**268,472**	**231,596**
Non current		
A. Financial assets:		
- Property, plant and equipment	22,521	25,756
Total non-current assets pledged as security	**22,521**	**25,756**
Total assets pledged as security	**290,993**	**257,352**

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35 Financial Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for Variance
Current Ratio	Current Asset	Current Liabilities	1.44	1.40	3%	Not applicable
Debt-Equity Ratio	Borrowings including	Equity	0.75	0.83	-10%	Not applicable
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	0.89	1.52	-42%	Note 1
Return on Equity Ratio (%)	Profit after tax	Average Shareholders' Equity	1.68%	31.59%	95%	Note 2
Inventory Turnover Ratio	Revenue from operations	Average Inventory	4.12	5.40	-24%	Not applicable
Trade Receivables Turnover Ratio	Revenue from operations	Average receivables	6.75	6.43	5%	Not applicable
Trade Payable Turnover Ratio	Purchase of goods & consumables	Average Trade payables	4.43	4.61	-4%	Not applicable
Net Capital Turnover Ratio	Revenue from operations	Working Capital	7.56	7.27	4%	Not applicable
Net Profit Ratio (%)	Profit after tax	Sales	0.29%	6.08%	95%	Note 2
Return on Capital Employed (%)	Earning before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	6.09%	21.16%	-71%	Note 3

Notes:

1. Debt service coverage ratio has decrease due to reduction in earnings available for debt service during the year.
2. Return on Equity (%) and Net Profit ratio (%) has reduced due to decrease in net profit in the current year.
3. Return on Capital employed is decreased due to decrease in earnings available for capital employed.
4. Return on Investment (%) is not applicable as there are no returns from the investments made by the Company.

36 Additional regulatory information :

(i) Details of benami property held:
No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Borrowing secured against current assets:
The Company has borrowings from banks and financial institutions on the basis of security of current assets. Refer Note 13 (i)(v) for details of quarterly statements of current assets filed by the Company with the bank and reconciliation with the books of account for the year ended March 31, 2023.

(iii) Willful defaulter :
The Company has been not declared willful defaulter by any bank or financial institution or government or any government authority.

(iv) Relationship with struck off companies:
The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(v) Compliance with number of layers of companies:
The Company does not have any subsidiaries and hence compliance with Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on Number of Layers Rules, 2017) ('Layering Rules') is not applicable.

(v) Compliance with approved scheme(s) of arrangements:
The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(vi) Utilisation of borrowed funds and share premium:
(a) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
(b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(All amounts are in INR Thousands, except share data, unless otherwise stated)

36 Additional regulatory information (contd.):

(vii) Undisclosed income .
There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(viii) Details of crypto currency or virtual currency:
The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(ix) Valuation of Property, Plant & Equipment, intangible asset and investment property:
The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year. The company does not have any investment property.

(x) There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(xi) The Company was not required to recognise any provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contracts. The Company did not have any derivative contracts as at March 31, 2023.

(xii) The Company has one Core Investment Company (CIC) as part of the Group, viz., Aequs Manufacturing Holdings Private Limited, India which is not required to be registered with the Reserve Bank of India.

(xiii) The provisions of Section 135 of the Companies Act, 2013 with respect to the Corporate Social Responsibility are not applicable to the Company.

37 Dues to micro and small enterprises
The identification of the micro, small and medium enterprise suppliers as defined under the provisions of "The Micro, Small and Medium Enterprises Development Act, 2006" is based on management's knowledge of their status. The Company has following dues to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act').

Particulars	March 31, 2023	March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1,445	-
Interest due thereon to suppliers registered under the MSMED Act and remaining unpaid as at year end	40	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	6,747	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
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	-	-
Interest accrued and remaining unpaid at the end of each accounting year	54	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the	-	-

38 As per the provisions of Section 203 of the Companies Act, 2013 read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company was required to appoint a Company Secretary post the resignation of its existing Company Secretary. However, the Company was unable to do so within the permissible time limit specified in the Act. The Company, thereafter, appointed a Company Secretary on June 17, 2021 (delay of one hundred and ninety eight days). The Company has filed adjudication application on June 13, 2023 with The Registrar of Companies, under Section 454 of the Companies Act, 2013. Based on the Management's assessment the potential impact of penalty on account of delay in appointment of Company Secretary on the financial statements is not expected to be material and the company has accrued INR 1,197 during the year towards potential penalty amount.

39 The Company was originally set up as a joint venture company between Aequs Private Limited ("APL"), Aerospace Manufacturing Holdings Private Limited ("AMHPL"), SAAB AB (publ) ("SAAB") and Aequs Inc. ("AI"). APL, AMHPL and AI are individually and collectively referred to as "Aequs". During the previous year, Aequs had initiated civil proceedings against co-venturer, SAAB for breach of specific clauses in the joint venture agreement. Subsequently, Aequs has entered into a settlement agreement with SAAB on July 14, 2021, under which SAAB i) sold all of its shares in the Company to APL for a consideration as specified in the agreement and ii) comply with certain conditions relating to existing/future business arrangements with the Company. Consequently, APL had purchased such shares from SAAB on July 17, 2021. Management is of the view that this settlement agreement does not have any impact on the financial statements of the Company.

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Aerostructures Assemblies India Private Limited
Notes forming part of the financial statements for the year ended March 31, 2023
(All amounts are in INR Thousands, except share data, unless otherwise stated)

CIN : U29253KA2013PTC067804

40 . The financial statements were approved for issue by the Board of Directors on July 18, 2023.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Prashant Kabra
Partner
Membership No.: 217667

Place: Bengaluru
Date : July 18, 2023

For and on behalf of the Board of Directors

Dinesh Iyer	Shirish Ganamukhi	Chandana Patil
Director	Director	Company Secretary
DIN: 09515485	DIN: 09246883	M.No: A34129
Place: Belagavi	Place: Belagavi	Place: Belagavi
Date : July 18, 2023		