

**INDEPENDENT AUDITORS' REPORT**

To  
The Board of Directors  
Aequs Limited (formerly known as Aequs Private Limited)

**Report on the Audit of the Special Purpose Financial Statements****Opinion**

We have audited the Special Purpose Financial Statements of Aequs Aero Machine Inc. ("the Company"), which comprise the Special Purpose Statement of Balance Sheet, the Special Purpose Statement of Profit and Loss including Other Comprehensive Income, the Special Purpose Statement of Changes in Equity and the Special Purpose Statement of Cash Flows for the year ended March 31, 2025, and notes to the Special Purpose Financial statements, including a Summary of Material Accounting Policies and Other Explanatory Notes (hereinafter referred to as "Special Purpose Financial Statements"). The Special Purpose Financial Statements have been prepared by the Management of the Company and approved by the Board of Directors of the Aequs Limited (formerly known as Aequs Private Limited), ("Intermediate Holding Company" or "Issuer") in accordance with the basis and purpose set out in Note 2(b) to the Special Purpose Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements gives a true and fair view of the state of affairs of the Company as at March 31, 2025, of its results of operations and its cash flow for the year then ended in accordance with the basis set out in Note 2(b) to the Special Purpose Financial Statements.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Special Purpose 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Special Purpose 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.

**Emphasis of Matter**

1. We draw attention to Note 2(b) to the Special Purpose Financial Statements, which describes the purpose of preparation. This Special Purpose Financial Statements has been prepared by the management for the limited purpose of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements Regulations, 2018, as amended ("ICDR Regulations") issued by the Securities and Exchange Board of India ('SEBI') in pursuance of the Securities and Exchange Board of India Act, 1992, in connection with the proposed initial public offering of equity shares by the Intermediate Holding Company with respect to material subsidiaries.
2. As our appointment for this engagement was for the purpose stated in Note 2(b) to the financial statements and was made subsequent to the balance sheet date, we were unable to perform the physical verification of inventories for the financial year ended March 31, 2025. However, we have performed the alternative audit procedures for the valuation of the inventories.

Our opinion is not qualified in respect of the above.

**Responsibilities of the Management and Those Charged with Governance for Special Purpose Financial Statement**

The Company's management is responsible for the preparation and fair presentation of these Special Purpose Financial Statements that give a true and fair view of the state of affairs, results of operations, changes in equity and cash flows of the Company, in accordance with the basis stated in Note 2(b) to the Special Purpose Financial Statements for the purpose set out in paragraph above, and this includes design, implementation, and maintenance of such internal controls as management determines necessary to enable the preparation of these Special Purpose Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Financial Statements, the management of the Company are responsible for assessing the

No. 361, I Floor, 7th Cross,  
I Block Jayanagar, Bangalore - 560 011.  
Ph: +91 80 26569500  
Telefax: +91 80 26569501  
Email: [contact@manian-rao.com](mailto:contact@manian-rao.com)



ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' Responsibilities for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement in the Special Purpose 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 financial 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 effectiveness of the Company's internal financial control with reference to Special Purpose Financial Statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

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

**For Manian & Rao**  
**Chartered Accountants**

Firm's Registration No.001983S



**Paresh Daga**  
Partner  
Membership No.211468



UDIN: 25211468BMLAEM9663

Place: Bangalore  
Date: September 16, 2025

No. 361, 1 Floor, 7th Cross,  
1 Block Jayanagar, Bangalore - 560 011.  
Ph: +91 80 26569500  
Telefax: +91 80 26569501  
Email: [contact@manian-rao.com](mailto:contact@manian-rao.com)

**Aequis Aero Machine Inc.**  
**Special Purpose Balance Sheet**

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

	Notes	As at March 31, 2025	As at March 31, 2024
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	5	530.51	590.87
Right of use assets	6	928.62	23.08
Financial assets			
Loans	8(iii)	441.49	-
Other financial assets	8(iv)	0.06	0.06
<b>Total non-current assets</b>		<b>1,900.68</b>	<b>614.01</b>
Current assets			
Inventories	7	3,650.40	2,967.93
Financial assets			
Trade receivables	8(i)	1,372.90	1,047.51
Cash and cash equivalents	8(ii)	310.55	1,829.27
Other financial assets	8(iv)	17.29	16.87
Other current assets	9	79.27	64.00
<b>Total current assets</b>		<b>5,430.41</b>	<b>5,925.58</b>
<b>Total assets</b>		<b>7,331.09</b>	<b>6,539.59</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	10	0.01	0.01
Other equity	11	1,616.84	1,774.89
<b>Total equity</b>		<b>1,616.84</b>	<b>1,774.91</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Financial liabilities			
Borrowings	12(i)	72.01	147.31
Lease liabilities	12(ii)	877.50	-
<b>Total non current liabilities</b>		<b>949.51</b>	<b>147.31</b>
Current liabilities			
Financial liabilities			
Borrowings	12(i)	79.00	119.83
Lease liabilities	12(ii)	79.62	27.30
Trade payables	12(iii)	4,221.98	3,721.28
Other financial liabilities	12(iv)	373.11	730.53
Other current liabilities	13	11.03	18.43
<b>Total current liabilities</b>		<b>4,764.73</b>	<b>4,617.37</b>
<b>Total liabilities</b>		<b>5,714.24</b>	<b>4,764.68</b>
<b>Total equity and liabilities</b>		<b>7,331.09</b>	<b>6,539.59</b>

Summary of Material accounting policies 1-4  
Notes to the Special purpose financial statements 5 to 34

The notes referred to above form an integral part of the financial statements.

As per Our even date of report  
For Manian & Rao  
Chartered Accountants  
ICAI Firm Registration Number: 0019838

**Pareesh Daga**  
Partner  
Membership No.: 211468

Place: Bangalore  
Date: September 16, 2025



For Aequis Aero Machine Inc.

**Amit Melligeri**  
Authorized Signatory

**Kevin Holladay**  
Authorized Signatory

Place: Paris, TX  
Date: September 16, 2025

Place: Paris, TX  
Date: September 16, 2025

**Aequs Aero Machine Inc.**  
**Special Purpose Statement of Profit and Loss**  
*(All amounts are in INR Lakhs, except share data, unless otherwise stated)*

	Notes	Year ended March 31, 2025	Year ended March 31, 2024
<b>Income</b>			
Revenue from operations	14	11,891.65	11,061.56
Other income	15	449.63	407.27
<b>Total income</b>		<b>12,341.28</b>	<b>11,468.83</b>
<b>Expenses</b>			
Cost of materials consumed	16	8,006.13	7,490.77
Changes in inventories of work in progress and finished goods	17	(515.62)	(777.39)
Employee benefit expenses	18	2,066.20	1,581.47
Depreciation and amortisation expense	19	228.59	209.69
Other expenses	20	2,524.69	2,504.42
Finance cost	21	237.88	201.29
<b>Total expenses</b>		<b>12,547.86</b>	<b>11,210.24</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(206.58)</b>	<b>258.58</b>
Exceptional items		-	-
<b>Profit/(Loss) before tax</b>		<b>(206.58)</b>	<b>258.58</b>
<b>Tax expense</b>			
- Current tax	23	-	-
- Deferred tax	23	-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the year</b>		<b>(206.58)</b>	<b>258.58</b>
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss			
- Exchange differences on translating financial statements of foreign operations		42.21	24.08
<b>Other comprehensive income/(loss) for the year</b>		<b>42.21</b>	<b>24.08</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(164.37)</b>	<b>282.66</b>
<b>Earnings per share</b>			
(Nominal value per share USD 0.01 each)	29		
Basic		(0.16)	0.28
Diluted		(0.16)	0.28
Summary of Material accounting policies	1-4		
Notes to the Special purpose financial statements	5 to 34		

As per Our even date of report

For Manlan & Rao  
Chartered Accountants  
ICAI Firm Registration Number: 001983S



Paresh Daga  
Partner  
Membership No.: 211468

Place: Bangalore  
Date: September 16, 2025



For Aequs Aero Machine Inc.



Amit Melligeri  
Authorised Signatory



Kevin Holladay  
Authorised Signatory

Place: Paris, TX  
Date: September 16, 2025

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Date: September 16, 2025



**Aegus Aero Machine Inc.**  
**Special Purpose Statement of Cash Flows**  
*(All amounts are in INR Lakhs, except share data, unless otherwise stated)*

	Year ended March 31, 2025	Year ended March 31, 2024
<b>Cash flow from operating activities</b>		
Profit/(Loss) before tax	(206.58)	258.58
Adjustments for:		
Depreciation and amortisation expense	228.59	209.69
Employee stock compensation expense	6.31	4.22
Finance income	(9.60)	-
Interest Lease Liabilities	55.29	5.05
Impairment of recoverables from related party	4.02	65.55
Interest expense on term loan	12.52	19.22
Bill Discount Charges	161.81	169.90
Exchange differences on translating financial statements of foreign operations	42.21	24.08
	<b>294.58</b>	<b>756.30</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade receivables	(329.41)	604.22
(Increase)/decrease in inventories	(682.47)	(974.64)
(Increase)/decrease in other financial assets	(0.42)	28.22
(Increase)/decrease other current assets	(15.27)	(13.05)
Increase/(decrease) in trade payables	500.70	1,189.57
Increase/(decrease) in other financial liabilities	(357.43)	(142.66)
Increase/(decrease) in other current liabilities	(7.40)	0.51
<b>Cash generated from operations</b>	<b>(597.12)</b>	<b>1,448.48</b>
Income taxes paid/(refund received)	-	-
<b>Net cash inflow from operating activities (A)</b>	<b>(597.12)</b>	<b>1,448.48</b>
<b>B. Cash flows from investing activities:</b>		
Payments for property, plant and equipment and intangible assets	(61.29)	(24.12)
Interest received	9.60	-
Loans to related parties	(441.49)	-
<b>Net cash outflow from investing activities (B)</b>	<b>(493.18)</b>	<b>(24.12)</b>
<b>C. Cash flows from financing activities:</b>		
Repayment of borrowings	(128.66)	(131.66)
<b>Leases Rent Paid</b>		
Principal	(82.67)	(104.30)
Interest	(55.29)	(5.05)
Interest paid	(161.79)	(170.20)
<b>Net cash inflow (outflow) from financing activities (C)</b>	<b>(428.42)</b>	<b>(411.21)</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,518.72)</b>	<b>1,013.15</b>
Cash and cash equivalents at the beginning of the financial year	1,829.27	816.12
<b>Cash and cash equivalents at end of the year (Refer Note 8(D))</b>	<b>310.55</b>	<b>1,829.27</b>
<b>Reconciliation of cash and cash equivalents as per the cash flow statement</b>		
Cash and bank balances as per above comprise of the following:		
Balances with banks:		
In current accounts	310.55	1,829.27
<b>Balances per statement of cash flows</b>	<b>310.55</b>	<b>1,829.27</b>

The above cash flow statement has been prepared under the 'Indirect Method' set out in Ind AS 7 - on Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.

The notes referred to above form an integral part of the financial statements.

As per Our even date of report  
For Manian & Rao  
Chartered Accountants  
ICAI Firm Registration Number: 0019835

Fareesh Baga  
Partner  
Membership No.: 211468

Place: Bangalore  
Date: September 16, 2025

For Aegus Aero Machine Inc.

Amit Melligeri  
Authorised Signatory

Kevin Holladay  
Authorised Signatory

Place: Paris, TX  
Date: September 16, 2025

**Aequus Aero Machine Inc.**  
**Notes to the special purpose financial statements**  
*(All amounts are in INR Lakhs, except share data, unless otherwise stated)*

**A. Stockholders' equity**

	Amount
Common stock, \$0.01 par value, 1000 shares authorised	
As at April 01, 2023	0.01
Changes during the year	-
Balance as at March 31, 2024	0.01
Changes during the year	-
Balance as at March 31, 2025	0.01

**B. Other equity**

Particulars	Additional paid in capital	Reserves and Surplus		Foreign currency translation	Total other equity
		Retained earnings	Other reserve		
Balance as at April 1, 2023	3,199.94	(2,301.70)	31.01	558.76	1,488.01
Profit/(Loss) for the year	-	258.58	-	-	258.58
- Exchange differences on translating financial statements of foreign operations	-	-	-	24.08	24.08
Total comprehensive income for the year	-	-	-	-	-
Employee stock option expenses	-	-	4.22	-	4.22
ESOP lapsed	-	25.33	(25.33)	-	-
Balance as at March 31, 2024	3,199.94	(2,017.79)	9.90	582.84	1,774.89
Balance as at April 1, 2024	3,199.94	(2,017.79)	9.90	582.84	1,774.89
Profit/(Loss) for the year	-	(206.58)	-	-	(206.58)
- Exchange differences on translating financial statements of foreign operations	-	-	-	42.21	42.21
Total comprehensive income for the year	-	-	-	-	-
Employee stock option expenses	-	-	6.31	-	6.31
ESOP lapsed	-	-	-	-	-
Balance as at March 31, 2025	3,199.94	(2,224.37)	16.22	625.06	1,616.84

The notes referred to above form an integral part of the financial statements.

As per Our even date of report  
For Manian & Rao  
Chartered Accountants  
ICAI Firm Registration Number: 001983S

  
Parash Daga  
Partner  
Membership No.: 211468

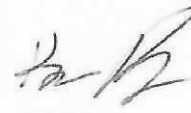


Place: Bangalore  
Date: September 16, 2025

For Aequus Aero Machine Inc.

  
Amit Melligeri  
Authorised Signatory

Place: Paris, TX  
Date: September 16, 2025

  
Kevin Holladay  
Authorised Signatory

Place: Paris, TX  
Date: September 16, 2025



**Aequus Aero Machine Inc.**  
**Material Accounting Policies and Other Explanatory Notes to Special purpose financial statements**  
*(All amounts are in INR Lakhs, except share data, unless otherwise stated)*

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**1. Background:**

Aequus Aero Machine, Inc. (the "Company") was incorporated on October 31, 1968 under the laws of the State of Texas. The Company is engaged in manufacturing Precision CNC machined airframe parts, components and subassemblies for aircraft industry and occasionally performs other machining task. The Company is head quartered in Texas, U.S.

On June 2, 2015, 100% shareholding of the Company was acquired by Aequus Aerospace LLC (step down subsidiary of Aequus Limited (formerly known as Aequus Private Limited)) from its erstwhile shareholders.

**2. Basis of preparation and presentation**

a. The Special purpose financial statements comprise the Balance Sheet as at March 31, 2025 and March 31, 2024, Statement of Profit and Loss (including other comprehensive income), Statement of Cash Flows and Statement of Changes in Equity for the years ended March 31, 2025 and March 31, 2024 and Material Accounting Policies and Other Explanatory Notes to Financial statements.

b. This Special Purpose Financial Statements has been prepared by the management for the limited purpose of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements Regulations, 2018, as amended ("ICDR Regulations") issued by the Securities and Exchange Board of India ('SEBI') in pursuance of the Securities and Exchange Board of India Act, 1992, in connection with the proposed initial public offering of equity shares by the Intermediate Holding Company with respect to material subsidiaries.

**c. Use of judgements and estimates**

The preparation of financial statements requires estimates and judgements that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the financial statements and accompanying notes. Estimates are used for, but not limited to useful lives of property, plant and equipment, accounting for right-of-use assets, impairment of goodwill and investments in associate and joint ventures, and estimation of and recoverability of deferred tax balances. Actual results could differ materially from these estimates.

In preparing these Special purpose financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Special Purpose Financial Statements have been prepared on a going concern basis.

The Company's functional currency is the United States dollar ('US\$'). These financial statements are presented in Indian Rupee ("INR") except when otherwise indicated.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

These special purpose financial statements are presented in Indian Rupees (INR), whereas the Company's functional currency is USD. All amounts have been rounded to the two decimal of nearest Lakhs, unless otherwise indicated.

The Special Purpose Financial Statement are approved for issue by the Company's Board of Directors on September 16, 2025.

**3. Material accounting policies**

This note provides a list of the material accounting policies adopted in the preparation of these Special purpose financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**a. Revenue recognition**

The Company earns its revenue from sale of manufactured goods and rendering of services. The Company has determined that it is a principal in all its arrangements with its customers.

The Company recognises revenue when control of goods has transferred to customers and there are no unfulfilled obligations that could affect the customer's acceptance of the products. Control of goods is considered to be transferred at a point-in-time when goods have been despatched or delivered, as per the terms agreed with the customer as that is when the legal title, physical possession and risks and rewards of goods transfers to the customers.

Revenue from services is recognised in the accounting period in which services are rendered.

The Company does not 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 towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. As a practical expedient, the Company has opted not to disclose the information in respect of performance obligations that are part of contracts that has an original expected duration of one year or less.

A contract asset is recognised when the Parent 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.



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**Aequus Aero Machine Inc.**

**Material Accounting Policies and Other Explanatory Notes to Special purpose financial statements**

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

**b. Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost or deemed cost applied on transition to Ind AS less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, net of refundable taxes. 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 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 income/(expenses). 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.

**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 or, in case of certain leased machineries, the shorter lease term as follows:

Asset	Useful life (in years)
Leasehold improvements	10 or lease period, whichever is lower
Computers	3 to 10
Furniture and fittings	7 to 10
Plant and Machineries	3-10
Vehicles	5-10

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 are not depreciated.

**c. Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period / 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 amortized cost using the effective interest method.

**d. 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.

**e. Government grants**

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants relating to income are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

**f. Income tax**

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

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.



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**g. Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee**

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, as in the case of lease of buildings, the Company's incremental borrowing rate is used, being the rate that the 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. Where the Company is reasonably certain to exercise the purchase option, the right of use asset is depreciated over the underlying asset's useful life.

Payment associated with short-term lease of equipment 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. 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, and bank overdrafts.

**i. Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects Company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

**j. Inventories**

Inventories include raw materials (including stores, spares and packing material), work in progress and finished goods. Inventories are stated at the lower of cost and net realizable value. Cost of raw materials comprise 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 which is calculated on the basis of total cost of raw materials divided by the quantities purchased. Net realizable 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.

**k. Investments and other financial assets**

**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. For investments in equity instruments (not held for trading purpose), this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

**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.



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Aequis Aero Machine Inc.

**Material Accounting Policies and Other Explanatory Notes to Special purpose financial statements**

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

**Measurement**

At initial recognition, the Company measures a financial asset (other than trade receivables) 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) Amortized 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 amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (refer note 23 for asset details).

(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 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 derecognized, 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.

**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 24 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.

**Derecognition of financial assets**

A financial asset is derecognized 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 derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not

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 derecognized 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.

**Income recognition**

Interest income from financial assets at fair value through profit and loss is disclosed as interest income within finance income. 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.

**1. Impairment of assets**

At each balance sheet date, the Company reviews the carrying value of its property, plant and equipment, intangible assets and right of use assets to determine whether there is any indication that the carrying value of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the consolidated statement of profit and loss as and when the carrying value of an asset exceeds its recoverable amount.

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

**m. Employee benefits**

**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.

**Defined contribution plans**

Eligible employees of the Company in the United States participate in an employee retirement savings plan (the "401K Plan") under section 401 (K) of the United States Internal Revenue Code. The 401K plan allows for the employees to defer a portion of their annual earnings on a pre-tax basis through voluntary contributions to the 401K plan. The Company's contribution to the plan is discretionary and no contribution has been made on this account during the current and previous reporting periods.

**Share-based payments**

Share-based compensation benefits are provided to employees through the Aequis Stock Option Plan. The fair value of options granted under the Aequis Limited (formerly known as Aequis Private Limited) Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity.

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 on an accelerated basis. 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.



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Aequis Aero Machine Inc.

Material Accounting Policies and Other Explanatory Notes to Special purpose financial statements

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

**n. Foreign currency transactions**

The transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

For the purpose of presenting the financial statements in presentation currency other than functional currency, the assets and liabilities are expressed in using exchange rates prevailing at the end of the reporting period, equity share capital at historical rate, income and expense items are translated at the average exchange rates for the period. Exchange differences arising, on account of this translation is recognised in other comprehensive income and accumulated in a separate component of equity as foreign currency translation reserve.

**o. Earnings per share**

**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.

**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.

**p. 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.

**4. Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS - 117 Insurance Contracts and amendments to Ind AS 116 - Leases, relating to sale and leased back transactions. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

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Aequ Aero Machine Inc.  
Notes to the special purpose financial statements  
(All amounts are in INR Lakhs, except share data, unless otherwise stated)

**Note 5 - Property, Plant and Equipment**

Particulars	Gross carrying amount				As at March 31, 2025	Accumulated depreciation				As at March 31, 2025	Net carrying amount As at March 31, 2025
	As at April 1, 2024	Additions	Disposals	Exchange differences		As at April 1, 2024	Charge for the period	Disposals	Exchange differences		
Leasehold improvements	53.03	-	-	1.33	54.36	46.49	5.88	-	1.23	53.60	0.76
Furniture and fixtures	14.27	0.36	-	0.36	15.00	12.33	0.79	-	0.32	13.43	1.56
Machinery and equipment	3,829.74	43.81	-	96.23	3,969.80	3,264.69	107.81	-	82.89	3,455.31	514.49
Autos and trucks	29.46	-	-	0.74	30.19	29.46	-	-	0.74	30.19	0.00
Computer and servers	68.18	3.13	-	1.74	73.05	50.84	7.17	-	1.33	59.35	13.69
<b>Total</b>	<b>3,994.68</b>	<b>47.30</b>	<b>-</b>	<b>100.41</b>	<b>4,142.39</b>	<b>3,403.81</b>	<b>121.65</b>	<b>-</b>	<b>86.42</b>	<b>3,617.88</b>	<b>524.51</b>

Particulars	Gross carrying amount				As at March 31, 2024	Accumulated depreciation				As at March 31, 2024	Net carrying amount As at March 31, 2024
	As at April 1, 2023	Additions	Disposals	Exchange differences		As at April 1, 2023	Charge for the period	Disposals	Exchange differences		
Leasehold improvements	52.25	-	-	0.78	53.03	42.29	3.55	-	0.65	46.49	6.54
Furniture and fixtures	14.06	-	-	0.21	14.27	11.38	0.77	-	0.18	12.33	1.94
Machinery and equipment	3,773.49	-	-	56.26	3,829.74	3,107.03	110.55	-	47.12	3,264.69	565.05
Autos and trucks	29.02	-	-	0.43	29.46	29.02	-	-	0.43	29.46	0.00
Computer and servers	52.63	14.66	-	0.89	68.18	46.93	3.16	-	0.72	50.84	17.34
<b>Total</b>	<b>3,921.45</b>	<b>14.66</b>	<b>-</b>	<b>58.37</b>	<b>3,994.68</b>	<b>3,236.67</b>	<b>118.03</b>	<b>-</b>	<b>49.10</b>	<b>3,403.81</b>	<b>590.87</b>

a. Refer note 32 for information on property, plant and equipment pledged as security.  
b. Refer note 27 for disclosure of contractual commitments for the acquisition of property, plant and equipment

**Note 6 - Right of use assets**

In July 2015, the Company entered into a lease agreement for office space in Texas with a lease term of nine years. Upon completion of the initial term on July 1, 2025, the lease is being renewed for an additional period of 9 years.

**(a) Right of use assets**

Particulars	Gross carrying amount				As at March 31, 2025	Accumulated depreciation				As at March 31, 2025	Net carrying amount As at March 31, 2025
	As at April 1, 2024	Additions	Disposals	Exchange differences		As at April 1, 2024	Charge for the period	Disposals	Exchange differences		
Buildings	484.68	1,002.41	-	22.75	1,509.84	461.60	106.94	-	12.68	581.22	928.62
<b>Total</b>	<b>484.68</b>	<b>1,002.41</b>	<b>-</b>	<b>22.75</b>	<b>1,509.84</b>	<b>461.60</b>	<b>106.94</b>	<b>-</b>	<b>12.68</b>	<b>581.22</b>	<b>928.62</b>

Particulars	Gross carrying amount				As at March 31, 2024	Accumulated depreciation				As at March 31, 2024	Net carrying amount As at March 31, 2024
	As at April 1, 2023	Additions	Disposals	Exchange differences		As at April 1, 2023	Charge for the period	Disposals	Exchange differences		
Buildings	477.35	-	-	7.32	484.68	363.85	92.00	-	5.74	461.60	23.08
<b>Total</b>	<b>477.35</b>	<b>-</b>	<b>-</b>	<b>7.32</b>	<b>484.68</b>	<b>363.85</b>	<b>92.00</b>	<b>-</b>	<b>5.74</b>	<b>461.60</b>	<b>23.08</b>

**(b) Lease liability**

Particulars	As at March 31, 2025	As at March 31, 2024
Current	79.62	27.30
Non-current	877.50	-
<b>Total</b>	<b>957.12</b>	<b>27.30</b>

**(c) Company's undiscounted lease liabilities, by maturity, are as follows:**

Particulars	As at March 31, 2025	As at March 31, 2024
Less than one year	148.70	27.53
Between one and five years	615.25	-
After five years	510.85	-
<b>Total minimum lease payments</b>	<b>1,274.80</b>	<b>27.53</b>

**(d) The following are the amounts recognized in the statement of profit and loss and statement of cash flows:**

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Depreciation of right-of-use assets	106.94	91.66
Interest expense on lease liabilities	55.29	5.05
Expense relating to leases of low-value assets (included in other expenses)	2.09	0.28
Cash outflow for leases		
Lease Payment - Principal	83.63	104.46
Lease Payment - Interest	55.29	5.05

(e) The weighted average discount rate applied to the lease is 7.5%.



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**Aequis Aero Machine Inc.**  
**Notes to the special purpose financial statements**  
*(All amounts are in INR Lakhs, except share data, unless otherwise stated)*

**Note 7 - Inventories**

	As at March 31, 2025	As at March 31, 2024
Raw materials [includes Goods in transit March 31, 2025 : INR 328.90 lakhs; March 31, 2024 : INR 182.62 lakhs]	706.74	539.89
Work-in-progress	1,099.27	1,104.00
Finished goods	2,281.24	1,720.05
	4,087.24	3,363.94
Less: Provision for slow moving inventory	(436.85)	(396.01)
	<u>3,650.40</u>	<u>2,967.93</u>

**Note 8 - Financial assets**

**(i) Trade receivables**

(Unsecured, considered good)

Trade receivables from contracts with customers	1,374.11	1,048.69
Less: Loss allowance	(1.20)	(1.18)
<b>Total receivables</b>	<u>1,372.90</u>	<u>1,047.51</u>

**Ageing of Total receivables**

As at March 31, 2025

Particulars	Outstanding for following periods from due date						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables Considered good Which have significant increase in credit risk	759.37	601.80	12.62	0.09	0.03	0.20	1,374.11
	759.37	601.80	12.62	0.09	0.03	0.20	1,374.11
Less: Loss allowance						(1.20)	(1.20)
<b>Total</b>	<b>759.37</b>	<b>601.80</b>	<b>12.62</b>	<b>0.09</b>	<b>0.03</b>	<b>0.20</b>	<b>1,372.90</b>



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As at March 31, 2024

Particulars	Outstanding for following periods from due date						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables							
Considered good	581.07	423.35	41.62	2.65	-	-	1,048.69
Which have significant increase in credit risk							-
Less: Loss allowance	581.07	423.35	41.62	2.65	-	-	1,048.69
Total	581.07	423.35	41.62	2.65	-	-	(1.18) 1,047.51

(ii) Cash and cash equivalents

Balances with banks:  
- in current accounts

As at March 31, 2025	As at March 31, 2024
310.55	1,829.27
310.55	1,829.27

(iii) Loans

Non-current  
Loans to related parties

441.49	-
441.49	-

(iv) Other financial assets

Non-current  
Security deposits

As at March 31, 2025	As at March 31, 2024
-------------------------	-------------------------

Current  
Recoverable from related parties

0.06	0.06
17.29	16.87
17.35	16.93

Refer note 30 for related party disclosures.

Note 9 - Other assets

Current  
Prepaid expenses

79.27	64.00
79.27	64.00



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Aequus Aero Machine Inc.  
Notes to the special purpose financial statements  
(All amounts are in INR Lakhs, except share data, unless otherwise stated)

Note 10 - Equity share capital

	As at March 31, 2025		As at March 31, 2024	
	No. of shares	Amount	No. of shares	Amount
Authorized				
Equity shares of USD 0.01 each	1,000	10.00	1,000	10.00
	1,000	10.00	1,000	10.00
Issued, subscribed and fully paid up				
Equity shares of USD 0.01 each	1,000	0.01	1,000	0.01
	1,000	0.01	1,000	0.01

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	As at March 31, 2025		As at March 31, 2024	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,000	0.01	1,000	0.01
Shares issued for cash	-	-	-	-
Outstanding at the end of the year	1,000	0.01	1,000	0.01

During the year, there were no changes in the number of shares or paid up share capital

(ii) Terms and rights attached to equity shares

Stockholders' equity consists of only common stock. The holders of the common stock are entitled to one vote per share on all matters to be voted upon by the stockholders of the Company. As per amended and restated certificate of incorporation dated June 10, 2015, the total number of common shares that the Company is authorized to issue is 1000 shares having par value \$0.01 per share. The common stock of the Company consists of 1,000 shares with a par value of \$0.01 as at March 31, 2025 and March 31, 2024.

(iii) Details of shares held by holding/ultimate holding company (i.e., parent of the Group) and/or their subsidiaries/associates

Name of the shareholder	As at March 31, 2025		As at March 31, 2024	
	No. of shares	Amount	No. of shares	Amount
Aequus Aerospace LLC ("AALLC")	1,000	0.01	1,000	0.01

Note 10 - Equity share capital

(iv) Details of share holders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at March 31, 2025		As at March 31, 2024	
	No. of shares	% holding	No. of shares	% holding
Aequus Aerospace LLC ("AALLC")	1,000	100%	1,000	100%
	1,000	100%	1,000	100%

(v) Details of shareholding of Promoters

Name of the Promoter	As at March 31, 2025			As at March 31, 2024		
	No. of shares	% of total number of shares	% of change during the period	No. of shares	% of total number of shares	% of change during the period
Aequus Aerospace LLC ("AALLC")	1,000	100%	0%	1,000	100%	0%

(i) Shares reserved for issue under options

Stock Option Outstanding: The share options outstanding account is used to recognise the cost of employee stock option expenses incurred by an intermediate holding company, Aequus Limited (formerly known as Aequus Private Limited). The stock options related to shares of Aequus Limited (formerly known as Aequus Private Limited), granted to the Company's employees. The cost associated with the outstanding share option is valued based on the fair value as on the grant date. Since there is no consideration paid for the awards, the value of the awards granted to the Company's employees are considered a capital contribution from the parent. The compensation cost is recognised as an expense, with a corresponding impact within equity.

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note no 33



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**Aequus Aero Machine Inc.**

**Notes to the special purpose financial statements**

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

Note 11 - Other equity	As at	As at
	March 31, 2025	March 31, 2024
<b>Other equity</b>		
A. Additional paid in capital	3,199.94	3,199.94
B. Other reserve	16.22	9.90
C. Foreign currency translation reserve	625.06	582.84
D. Retained earnings	(2,224.37)	(2,017.79)
<b>Total Other Equity</b>	<b>1,616.84</b>	<b>1,774.89</b>
<b>A. Additional paid in capital</b>		
Opening balance	3,199.94	3,199.94
Addition during the year	-	-
Withdrawal during the year	-	-
Closing balance	3,199.94	3,199.94
<b>B. Other reserve</b>		
Opening balance	9.90	31.01
Addition during the year	6.31	4.22
ESOP lapsed	-	(25.33)
Closing balance	16.22	9.90
<b>C. Foreign currency translation reserve</b>		
Opening balance	582.84	558.76
Changes during the year		
- Exchange differences on translating financial statements of foreign operations	42.21	24.08
Closing balance	625.06	582.84
<b>D. Retained earnings</b>		
Opening balance	(2,017.79)	(2,301.70)
Profit (loss) for the year	(206.58)	258.58
Other comprehensive (loss)/ income	-	25.33
Transfer from other reserve	(2,224.37)	(2,017.79)
Closing balance	1,616.84	1,774.90



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**Aequis Aero Machine Inc.****Notes to the special purpose financial statements***(All amounts are in INR Lakhs, except share data, unless otherwise stated)***Note 12 - Financial liabilities****(i) Borrowings****Non current:**

Term loans from banks

**Total non-current borrowings****Current:**

Current maturities of term loans

**Total current borrowings**

As at March 31, 2025	As at March 31, 2024
72.01	147.31
<b>72.01</b>	<b>147.31</b>
79.00	119.83
<b>79.00</b>	<b>119.83</b>

**Notes**

a) On September 27, 2019, the Company obtained a line of credit with the US BANK Equipment Finance for \$ 144,500. The loan is obtained to purchase a Machine and is repayable over a term of 84 months. The balance due as at March 31, 2025 is INR 28.81 lakhs and March 31, 2024 is INR 46.73 lakhs (equivalent to USD March 31, 2025 = 33,712.38 and March 31, 2024 = 56,033.39). The rate of interest is 5.3 % per annum.

b) On April 1, 2020, the Company obtained a line of credit with the Engs Commercial Finance Co for INR 76.12 Lakhs (equivalent to \$ 338,531). The loan is obtained to purchase a Machine and is repayable over a term of 60 months. The balance due as at March 31, 2025 is INR 15.02 (USD 17,576.51) and March 31, 2024 is INR 76.11 (USD 91,288.08). The Rate of interest is 4.73 % per annum.

c) On June 17, 2022, the Company obtained a line of credit with the US BANK YCM NSV-156A for \$ 184,860. The loan is obtained to purchase a Machine and is repayable over a term of 60 months. The balance due as at March 31, 2025 is INR 74.47 lakhs and March 31, 2024 is INR 103.04 Lakhs (equivalent to in USD March 31, 2025 = 87,135.98 and March 31, 2024 = 123,591.28). The rate of interest is 6.18 % per annum.

d) On February 20, 2023, the Company obtained a line of credit with the Newlane Finance Company for \$ 62,356. The loan is obtained to purchase a Machine and is repayable over a term of 60 months. The balance due as at March 31, 2025 is INR 32.20 lakhs and March 31, 2024 is INR 41.25 Lakhs (equivalent to in USD March 31, 2025 = 37,674.24 and March 31, 2024 = 49,476.17). The rate of interest is 6.18 % per annum.

**(ii) Lease liabilities****Non-current:**

Lease liabilities

**Current:**

Lease liabilities

As at March 31, 2025	As at March 31, 2024
877.50	-
<b>877.50</b>	-
79.62	27.30
<b>79.62</b>	<b>27.30</b>

In July 2015, the Company entered into a lease agreement for office space in Texas with a lease term of nine years. Upon completion of the initial term on July 1, 2025, the lease is being renewed for an additional period of 9 years.

**(iii) Trade Payables****Current:**

For goods &amp; services

Trade payables

4,221.98	3,721.28
<b>4,221.98</b>	<b>3,721.28</b>



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**Ageing of Trade payables**

**As at March 31, 2025**

Particulars	Outstanding for following periods from due date					Total
	Not due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed dues -MSME	-	-	-	-	-	-
(ii) Undisputed dues -Others	-	4,221.98	-	-	-	4,221.98
Unbilled	-	4,221.98	-	-	-	4,221.98

**As at March 31, 2024**

Particulars	Outstanding for following periods from due date					Total
	Not due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed dues -MSME	-	-	-	-	-	-
(ii) Undisputed dues -Others	-	3,721.28	-	-	-	3,721.28
Unbilled	-	3,721.28	-	-	-	3,721.28

**(iv) Other financial liabilities**

**Current:**

Employees related liability  
Payable to related parties

As at March 31, 2025	As at March 31, 2024
55.84	92.77
317.27	637.77
<u>373.11</u>	<u>730.53</u>

**Note 13 - Other liabilities**

**Current:**

Statutory taxes payable

11.03	18.43
<u>11.03</u>	<u>18.43</u>



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**Aequis Aero Machine Inc.**

**Notes to the special purpose financial statements**

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

**Note 14 - Revenue from operations**

**Revenue from contracts with customers**

**Sale of products**

**Manufactured goods**

Year ended March 31, 2025	Year ended March 31, 2024
11,783.53	11,042.01
<u>11,783.53</u>	<u>11,042.01</u>

**Other operating income**

**Scrap sales**

108.11	19.55
<u>108.11</u>	<u>19.55</u>
<u>11,891.65</u>	<u>11,061.56</u>

**Note 15 - Other income**

**Marketing income**

**Forex Gain**

**Interest income**

438.88	407.27
1.15	-
9.60	-
<u>449.63</u>	<u>407.27</u>

**Note 16 - Cost of materials consumed**

**Opening stock (net) (a)**

**Purchases during the year (b)**

**Closing stock (c)**

**Foreign currency translation reserve (d)**

**Cost of raw materials consumed (a+b-c+d)**

539.89	342.64
8,092.36	7,651.53
706.74	539.89
80.61	36.48
<u>8,006.13</u>	<u>7,490.77</u>

**Note 17 - Changes in inventories of work in progress and finished goods**

**Inventory at the end of the year (a)**

**Work-in-progress**

**Finished goods**

**Provision for slow moving inventory**

**Inventory at the beginning of the year (b)**

**Work-in-progress**

**Finished goods**

**Provision for slow moving inventory**

**Change in inventories of work in progress and finished goods (a-b)**

1,099.27	1,104.00
2,281.24	1,720.05
(436.85)	(396.01)
<u>2,943.66</u>	<u>2,428.04</u>
1,104.00	563.70
1,720.05	1,224.26
(396.01)	(137.31)
<u>2,428.04</u>	<u>1,650.65</u>
<u>(515.62)</u>	<u>(777.39)</u>

**Note 18 - Employee benefit expenses**

**Salaries, wages and bonus**

**Employee stock option expense**

**Staff welfare expenses**

1,861.70	1,379.81
6.31	4.22
198.18	197.45
<u>2,066.20</u>	<u>1,581.47</u>

**Note 19 - Depreciation and amortisation expense**

**Depreciation of property, plant and equipment (Refer note 5)**

**Depreciation of right-of-use asset (Refer note 6)**

121.65	118.03
106.94	91.66
<u>228.59</u>	<u>209.69</u>



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**Note 20 - Other expenses**

	Year ended March 31, 2025	Year ended March 31, 2024
Subcontracting expenses	835.56	958.73
Bad debts written off	4.02	65.55
Consumption of stores and spares	294.54	219.63
Provision for slow moving inventory	30.61	254.81
Freight and forwarding	134.33	179.26
Legal and professional fees	638.97	420.94
Royalty fee	-	112.70
Power and fuel	40.39	43.91
Insurance	44.97	55.83
Travelling and conveyance	265.08	33.82
Rates and taxes	74.52	61.07
Repairs and maintenance		
Machinery	61.25	19.06
Building	21.63	28.37
Others	5.41	24.68
Rental charges	2.09	0.28
Printing and stationery	3.34	2.80
Communication	15.64	12.97
Advertisement and business promotion expenses	3.93	0.42
Miscellaneous expenses	48.42	9.57
	<u>2,524.69</u>	<u>2,504.42</u>

**Note 21 - Finance cost**

Interest expense on term loan	12.52	19.22
Bill Discount Charges	161.81	169.90
Bank charges	8.26	7.12
Interest on lease liabilities	55.29	5.05
	<u>237.88</u>	<u>201.29</u>



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Aequis Aero Machine Inc.

Notes to the special purpose financial statements

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

**Note 22 - Income tax expense**

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
<b>Current tax</b>		
Current tax on profits of the year	-	-
<b>Total current tax expense (A)</b>	-	-
<b>Deferred tax</b>		
Decrease/(increase) in deferred tax asset	-	-
(Decrease)/increase in deferred tax liability	-	-
<b>Total deferred tax expense/(benefit) (B)</b>	-	-
<b>Income tax expense/ (benefit) (A+B)</b>	-	-

**Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate**

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
<b>Tax expenses under general provision of income tax</b>		
Profit from continuing operations before income tax expense	(206.58)	258.58
Tax rate	22.26%	22.26%
<b>Tax at the above rate</b>	-	57.57
Tax impact of unrecognised deferred tax on losses and other temporary differences	-	(57.57)
<b>Total tax expense/(benefit)</b>	-	-

**Note:**

The tax returns of the company were filed by its holding company (Aequis Aerospace LLC ('AALLC')) at the consolidated level. Due to the incurrence of losses and the absence of reasonable certainty regarding future taxable profits, the company has not recognized the Deferred Tax Assets (DTA) in the financial statements, in accordance with Ind AS 12 - Income Taxes.



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Aequus Aero Machine Inc.

Notes to the special purpose financial statements

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

Note 23 - Fair value measurement

Financial instruments by category

Particulars	Classification	As at March 31, 2025	As at March 31, 2024
		Amount	Amount
<b>Financial assets</b>			
Loans	Amortised cost	441.49	-
Trade receivables	Amortised cost	1,372.90	1,047.51
Cash and cash equivalents and other bank balances	Amortised cost	310.55	1,829.27
Other financial assets	Amortised cost	17.35	16.93
<b>Total financial assets</b>		<b>2,142.30</b>	<b>2,893.72</b>
<b>Financial liabilities</b>			
Borrowings	Amortised cost	151.01	267.14
Lease liabilities	Amortised cost	957.12	27.30
Trade payables	Amortised cost	4,221.98	3,721.28
Other financial liability	Amortised cost	373.11	730.53
<b>Total financial liabilities</b>		<b>5,703.21</b>	<b>4,746.26</b>

(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:

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.

As per Ind AS 107 "Financial Instrument: Disclosure", fair value disclosures are not required when the carrying amounts reasonably approximate the fair value. As illustrated above, all financial instruments of the company which are carried at amortised cost approximates the fair value. Accordingly fair value disclosures have not been made for these financial instruments.



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**Aequis Aero Machine Inc.****Notes to the special purpose financial statements***(All amounts are in INR Lakhs, except share data, unless otherwise stated)***Note 24 - 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 Company is exposed to and how the Company manages the risk.

**Financial risk management**

	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables and financial assets measured at amortised cost	Ageing analysis Credit ratings	Diversification of bank deposits, Customers credit analysis and monitoring of credit limits
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 a financial instrument 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 loans and deposits.

**(i) Credit risk management**

Credit risk refers to a risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company usually deals with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored.

**(ii) Provision for expected credit losses.**

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

**1) Loans and Deposits:**

Loans and Deposits are classified under the A category having negligible or nil risk based on past history of defaults and reasonable forward looking information. Loans and deposits comprises of mainly refundable security deposits made on buildings (leased premises). Since these are assets with nil risk, the expected probability of default is "Nil%" 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 not exceeding one year.

**3) Trade receivables and other dues from related parties**

No significant expected credit loss provision has been created for trade receivables. Further, receivables are expected to be collected considering the past trend of no defaults and that the balances are not significantly aged. Full provision is made for balances that management believes are credit impaired.

**Reconciliation of loss allowance provision - Trade receivables**

	Amount
As at April 01, 2023	1.16
Charged to profit and loss	-
Utilisation/ reversal in loss allowance	-
Foreign currency translation reserve	0.02
As at March 31, 2024	1.18
Charged to profit and loss	-
Utilisation/ reversal in loss allowance	-
Foreign currency translation reserve	0.02
As at March 31, 2024	1.20

**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.



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(i) Maturities of financial liabilities

Following is the companies exposure to financial liabilities based on the contractual maturity as at reporting date.

Contractual maturities of financial liabilities as at March 31, 2025

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	79.00	72.01	-	151.01
Trade payables	4,221.98	-	-	4,221.98
Lease liabilities	79.62	407.89	469.61	957.12
Other financial liabilities	373.11	-	-	373.11
	4,753.70	479.90	469.61	5,703.21

Contractual maturities of financial liabilities as at March 31, 2024

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	119.83	147.31	-	267.14
Trade payables	3,721.28	-	-	3,721.28
Lease liabilities	27.30	-	-	27.30
Other financial liabilities	730.53	-	-	730.53
	4,598.95	147.31	-	4,746.26

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 its receivables and payables being in USD. The Company also has risk in terms of translation of its foreign operations. Further, any additional exposure is continuously monitored and hedging options like forward contracts are taken whenever they are expected to be cost effective.

(a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in USD as against respective foreign currency are as at March 31, 2025 :

Particulars	EUR	Equivalent amount in dollars (\$)
Financial asset		
Loan from Related Party	4,76,924.98	5,16,599.85
Net exposure to foreign currency risk (assets)	4,76,924.98	5,16,599.85

(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 (in INR)
	Year ended March 31, 2025
EUR Sensitivity	
Increase by 5%	21.84
Decrease by 5%	(21.84)

(ii) Interest rate risk

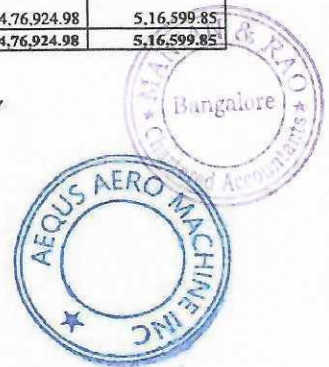
The exposure of Company's borrowings to interest rate changes at the end of the

Variable rate borrowings

Fixed rate borrowings

Total borrowings

As at March 31, 2025	As at March 31, 2024
-	-
151.01	267.14
151.01	267.14





**Aequis Aero Machine Inc.****Notes to the special purpose financial statements***(All amounts are in INR Lakhs, except share data, unless otherwise stated)***Note 25 - Capital management**

For the purpose of Company's capital management, capital includes issued equity share capital, instruments entirely equity in nature 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 net of cash and cash equivalents) to equity.

**(i) Net Debt to Equity Ratio**

Total borrowings including lease liabilities  
Less: Cash and cash equivalents  
Adjusted net debt  
Total Equity  
Net debt to equity ratio

As at March 31, 2025	As at March 31, 2024
1,108.13	294.45
(310.55)	(1,829.27)
797.57	(1,534.83)
1,616.84	1,774.91
0.49	(0.86)

**Note 26 - Contingent liabilities**

Nil

**Note 27 - Capital commitments**

Nil

**Note 28 - Earnings per share****Profits attributable to equity shareholders**

Profit for basic earning per share of USD. 0.01 each  
Profit for the year  
Weighted average number of equity shares outstanding during the year  
Basic EPS

As at March 31, 2025	As at March 31, 2024
(164.37)	282.66
1,000.00	1,000.00
(0.16)	0.28

Profit for diluted earning per share of USD. 0.01 each  
Profit for the year  
Weighted average number of equity shares outstanding during the year  
Diluted EPS

As at March 31, 2025	As at March 31, 2024
(164.37)	282.66
1,000.00	1,000.00
(0.16)	0.28



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Aequis Aero Machine Inc.  
Notes to the special purpose financial statements  
(All amounts are in INR Lakhs, except share data, unless otherwise stated)

Note 29 - Related Party Transactions

Names of related parties and related party relationship

Relationship	Name of the related party
Related parties where control exists	
Ultimate holding company	Aequis Inc.
Holding company	Aequis Aerospace LLC ('AALLC')
Intermediate Holding Company	Aequis Private Limited ('Acquis')
Fellow Subsidiaries	Aequis Aerospace BV ('AABV') Aequis Aerospace France SAS ('AAF') Aerospace Manufacturing Holdings Private Limited (formerly, Aequis Aerospace Private Limited) ('AMHPL') Aequis Oil & Gas LLC ('AOGLLC') Aequis Consumer Products Private Limited ('ACPL') Aerostructures Assemblies India Private Limited ('AAI') Aerostructures Manufacturing India Private Limited ('ASMIPL') Aerostructures Assemblies India Private Limited ('AAIPL')
Key management personnel	Aravind Melligiri, CEO and Chairman
Enterprises in which individuals owing interest in the Company, or their relatives have significant influence	Aequis Holdings LLC ('AHLIC') Melligiri Investment LLC ('MILLIC')

Transactions with the related party

Year ended March 31, 2025 :

Transactions	Holding company	Fellow Subsidiaries	Key management personnel	Enterprises in which individuals owing interest in the Company, or their relatives have significant influence	Total
Advances Paid	-	432.54	-	-	432.54
Sale of goods	7.06	1,659.00	-	-	1,666.07
Purchase of material	-	6,208.80	-	-	6,208.80
Expenses paid on behalf of Company	5.76	32.16	-	-	37.92
Interest Income on Loan Given	-	4.28	-	-	4.28
Other Income	-	438.88	-	-	438.88
Remuneration	-	-	439.68	-	439.68

Year ended March 31, 2024 :

Transactions	Holding company	Fellow Subsidiaries	Key management personnel	Enterprises in which individuals owing interest in the Company, or their relatives have significant influence	Total
Sale of goods	2.06	660.69	-	-	662.75
Purchase of material	-	6,068.60	-	-	6,068.60
Expenses paid on behalf of Company	-	-	-	0.14	0.14
Expenses incurred on behalf of Company	23.11	-	-	-	23.11
Other Income	407.27	-	-	-	407.27
Remuneration	-	-	429.87	-	429.87

Balances with the related parties

As at March 31, 2025

Balances	Holding company	Fellow Subsidiaries	Key management personnel	Enterprises in which individuals owing interest in the Company, or their relatives have significant influence	Total
Dues to related parties	317.27	-	-	-	317.27
Trade Receivables	0.41	907.39	-	-	907.80
Trade Payable	-	2,773.44	-	-	2,773.44
Dues from related parties	16.75	-	-	0.54	17.29

As at March 31, 2024

Balances	Holding company	Fellow Subsidiaries	Key management personnel	Enterprises in which individuals owing interest in the Company, or their relatives have significant influence	Total
Dues to related parties	637.77	-	-	-	637.77
Trade Receivables	-	438.06	-	-	438.06
Trade Payable	23.28	2,721.02	-	-	2,744.30
Dues from related parties	16.34	-	-	0.53	16.87



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Aequs Aero Machine Inc.  
Notes to the special purpose financial statements  
(All amounts are in INR Lakhs, except share data, unless otherwise stated)

Note 39 - Ratios Analysis

Particulars	As at March 31, 2025	As at March 31, 2024	% change from March 31, 2024 to March 31, 2025	Reasons if % change is 25% or more
Current Ratio	1.14	1.28	-11.19%	NA
Debt-Equity Ratio	0.09	0.15	-37.95%	On account of repayment of borrowings, leading to lower debt levels compared to equity
Debt Service Coverage Ratio	0.72	2.10	-65.56%	On account of loss incurred by the company, reducing the earnings available to service debt
Return on Equity Ratio	-12.78%	14.57%	-187.70%	On account of loss incurred by the company, resulting in a negative return on shareholders' equity
Inventory turnover ratio	2.26	2.71	-16.36%	NA
Trade Receivables turnover ratio	9.83	8.00	22.80%	NA
Trade payables turnover ratio	1.89	2.15	-12.17%	NA
Net capital turnover ratio	17.86	8.46	111.27%	On account of increase in revenue and reduced cash balances, indicating improved use of working capital.
Net profit ratio	-1.74%	2.34%	-174.31%	On account of loss incurred by the company, the ratio declined significantly
Return on Capital employed	-23.66%	2.58%	-1018.46%	On account of loss incurred by the company and reduction in capital following debt repayments.
Return on investment	-12.78%	14.57%	-187.70%	On account of loss incurred by the company, resulting in a negative return on total investments.

Ratios	Numerator	Denominator	As at March 31, 2025		As at March 31, 2024	
			Numerator	Denominator	Numerator	Denominator
Current Ratio	Current assets	Current liabilities	5,430.41	4,764.73	5,925.58	4,617.37
Debt-Equity Ratio	Debt :- long term borrowings + shortterm borrowings	Equity :- Total Equity	151.01	1,616.84	267.14	1,774.91
Debt Service Coverage Ratio	Earning available for debt services :- net profit before - non cash expenses tax (Depreciation and Amortisation) + interest expense on borrowings	Interest + Installment :- interest expenses on borrowings and current maturities	259.89	359.39	669.57	318.84
Return on Equity Ratio	Total Profit / (loss) for the period / year	Total Equity	(206.58)	1,616.84	258.58	1,774.91
Inventory turnover ratio	Cost of good sold :- purchase of stock in trade + changes in inventories of stock-in trade	Average Inventory	7,490.51	3,309.16	6,713.37	2,480.61
Trade Receivables turnover ratio	Revenue from operations	Average Trade Receivables	11,891.65	1,210.21	11,061.56	1,382.40
Trade payables turnover ratio	Total Purchase	Average Trade Payables	7,490.51	3,971.63	6,713.37	3,126.49
Net capital turnover ratio	Revenue from operations	Working Capital	11,891.65	665.68	11,061.56	1,308.21
Net profit ratio	Profit / (loss) after tax	Revenue from operations	(206.58)	11,891.65	258.58	11,061.56
Return on Capital employed	Earning before interest & taxes (EBIT) :- profit / (loss) before tax + interest expenses on financial liabilities carried at amortised cost	Capital Employed :- total equity + borrowings + deferred tax liability	(418.33)	1,767.85	52.61	2,042.05
Return on Investment	Profit / (loss) after tax	Equity shareholders' fund	(206.58)	1,616.84	258.58	1,774.91



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**Aequis Aero Machine Inc.**

**Notes to the special purpose financial statements**

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

**Note 31 - Net debt reconciliation**

Particulars	As at March 31, 2025	As at March 31, 2024
Cash and cash equivalents	310.55	1,829.27
Lease liabilities	(957.12)	(27.30)
Borrowings	(151.01)	(267.14)
<b>Net debt</b>	<b>(797.57)</b>	<b>1,534.83</b>

**Net debt reconciliation:**

Cashflows	Liabilities from financing activities		Total
	Lease obligations	Term loans from banks	
Net debt as at April 01, 2023	(130.57)	(379.86)	(510.43)
Cash flows			
Repayments	104.30	136.47	240.77
Interest expense	-	(18.92)	(18.92)
Foreign currency translation reserve	(1.03)	(4.81)	(5.85)
Net debt as at March 31, 2024	(27.30)	(267.12)	(294.43)
Cash flows			
New leases/ new borrowings	(988.32)		(988.32)
Repayments	83.03	134.05	217.08
Interest expense		-12.54	(12.54)
Foreign currency translation reserve	-24.52	-5.39	-29.91
Net debt as at March 31, 2025	(957.12)	(151.01)	(1,108.13)

**Note 32 - Assets pledged as security**

The carrying amount of assets pledged as security for current and non-current borrowings are below.

Particulars	As at March 31, 2025	As at March 31, 2024
<b>A. Non financial assets:</b>		
- Property plant and equipment	433.48	496.86
<b>Total non-current assets pledged as security</b>	<b>433.48</b>	<b>496.86</b>
<b>Total assets pledged as security</b>	<b>433.48</b>	<b>496.86</b>



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**Aequus Aero Machine Inc.**

**Notes to the special purpose financial statements**

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

**Note 33 - Stock option plan**

The Parent Company grants stock options to the employees of the Parent Company and its operating subsidiaries and other group entities.

At the year ended March 31, 2025 four employee stock option plans (ESOP) viz., ESOP scheme 2013, ESOP scheme 2016 and ESOP scheme 2020 were in existence. ESOP scheme is administered through ESOP trust called as "Aequus Stock Option Plan Trust" ("ESOP Trust") that has been constituted on May 14, 2013. The object of the ESOP Trust is to manage schemes made available for the benefit of the employees. The relevant details of the schemes and the grants are listed separately below.

The fair value of the employee stock options has been measured using the Black-Scholes formula. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans are as follows.

	As at March 31, 2025	As at March 31, 2024
Fair value at grant date	13.76 - 15.38	
Share price at grant date	30.6	
Exercise price	30.6	
Expected volatility (weighted-average)	16.38 - 17.22%	Not applicable
Expected life (weighted-average) (years)	8.50 - 9.50	
Expected dividends	0%	
Risk-free interest rate (based on government securities)	6.63 - 7.03%	

**ESOP Scheme 2013**

On July 4, 2013, the Board of Directors of parents company approved the equity settled ESOP scheme 2013 for issue of stock options to the key employees, consultants and directors of the Company and its subsidiaries, joint ventures and associates. According to the ESOP scheme 2013, the employee selected by the ESOP committee from time to time will be entitled to 20,000 to 500,000 options, subject to satisfaction of the prescribed vesting conditions specified in the grant letter viz., service condition, employee performance and certain market conditions.

The details of activity under the ESOP scheme 2013 are summarised below:

		As at March 31, 2025		As at March 31, 2024	
Particulars	Exercise price range (INR)	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of the year	26.1	1,00,000	26.10	100000	26.10
Add:					
Options granted during the year	26.1	-	-	-	-
Less:					
Options exercised during the year	26.1	-	-	-	-
Options forfeited during the year	26.1	-	-	-	-
Options outstanding at the end of year		1,00,000	26.10	1,00,000	26.10
Option exercisable at the end of year		1,00,000	26.10	1,00,000	26.10

**ESOP Scheme 2016**

The Board of Directors of parents company approved the Employee Share Option Plan 2016 structured to reward employees. Accordingly, the Parent Company has created 2,900,000 share option pool to be allocated and granted from time to time to employees. As Employee Stock Option Plan (ESOP) committee has been formed with powers delegated from the Board of Directors to manage the ESOP scheme, subject to satisfaction of the prescribed vesting conditions specified in the grant letter viz., service condition, employee performance and certain market conditions.

The details of activity under the ESOP scheme 2016 are summarised below:

		As at March 31, 2025		As at March 31, 2024	
Particulars	Exercise price range (INR)	Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of the year	23.78 - 30.60	50,000	26.10	2,50,000	24.24
Add:					
Options granted during the year	23.78 - 30.60	1,50,000	30.60	-	-
Less:					
Options exercised during the year	23.78 - 30.60	-	-	-	-
Options forfeited during the year	23.78 - 30.60	-	-	(2,00,000)	23.78
Options outstanding at the end of year		2,00,000	29.48	50,000	26.10
Option exercisable at the end of year		2,00,000	29.48	50,000	26.10



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#### ESOP Scheme 2020

The Board of Directors of parents company approved the Employee Share Option Plan 2020 structured to reward employees. Accordingly, the Parent Company has created 3,000,000 share option pool to be allocated and granted from time to time to employees. As Employee Stock Option Plan (ESOP) committee has been formed with powers delegated from the Board of Directors to manage the ESOP scheme, subject to satisfaction of the prescribed vesting conditions specified in the grant letter viz., service condition, employee performance and certain performance conditions.

The details of activity under the ESOP scheme 2020 are summarised below :

Particulars	Exercise price range (INR)	As at March 31, 2025		As at March 31, 2024	
		Number	Weighted average exercise price	Number	Weighted average exercise price
Options outstanding at beginning of the year	26.10 - 30.60	-	-	2,50,000	26.10
Add:					
Options granted during the year	26.10 - 30.60	35,000	30.60	-	-
Less:					
Options exercised during the year	26.10 - 30.60	-	-	-	-
Options forfeited during the year	26.10 - 30.60	-	-	(2,50,000)	26.10
Options outstanding at the end of year		35,000	30.60	-	-
Option exercisable at the end of year		35,000	30.60	-	-

#### Note 34 - Subsequent events

The Company has evaluated all events or transactions that occurred after March 31, 2025 up through September 16, 2025, the date the special purpose financial statements were authorised for issue by the Member. Based on this evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the Special Purpose Financial Statements.

As per Our even date of report

For Manian & Rao

Chartered Accountants

ICAI Firm Registration Number: 0019838

Paresh Daga

Partner

Membership No.: 211468

Place: Bangalore

Date: September 16, 2025



For Acquis Aero Machine Inc.

Amit Melligeri  
Authorised Signatory

Place: Paris, TX

Date: September 16, 2025

Kevin Holladay  
Authorised Signatory

Place: Paris, TX

Date: September 16, 2025