B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of AeroStructures Manufacturing India Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AeroStructures Manufacturing India Private Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended 31 March 2024, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31 March 2024, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 on the financial statements.

Emphasis of Matter

We draw attention to Note 6(vi) to the financial statements in relation to a guarantee issued by the Company and certain payments made by the Company under such guarantees on behalf of a foreign associate in respect of which the Company is in discussions with the Authorised Dealer to evaluate the compliance requirements under Foreign Exchange Management Act, 1999 and regulations thereunder (FEMA Regulations), if any. Pending such evaluation, no adjustments have been made to the financial statements

Our opinion is not modified in respect of this matter.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

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

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

Other Matter

The financial statements of the Company for the year ended 31 March 2023 were audited by the predecessor auditor who had expressed an unmodified opinion on 11 August 2023.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

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 Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 30 to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 32(vii)(a) to the financial statements, 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, as on the date of this audit report that the Intermediary shall 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.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 32(vii)(b) to the financial statements, 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, as on the date of this audit report, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account, however, the feature of recording audit trail (edit log) facility has not been enabled. Consequently, we are unable to comment on audit trail feature of the said software.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company is not a public company. Accordingly, the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Sampad Guha Thakurta

Partner

Membership No.: 060573

ICAI UDIN:24060573BKFGPX8612

Place: Chennai

Date: 25 September 2024

Annexure A to the Independent Auditor's Report on the Financial Statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024

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

(i) (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year.For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

Annexure A to the Independent Auditor's Report on the Financial Statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024 *(Continued)*

Quarter	Name of bank	Particulars	Amount as per books of account (Rs. millions)	Amount as reported in the quarterly return/ statement (Rs. millions)	Amount of difference (Rs. millions)	Whether return/statement subsequently rectified
Jun-23	HDFC and Axis Bank	Inventories	1,587	1,679	(92)	No
Sep-23		Inventories	1,775	1,888	(113)	No
Dec-23		Inventories	1,686	1,803	(117)	No
Mar-24		Inventories	1,872	1,851	21	No
Jun-23		Trade receivables	881	689	192	No
Sep-23		Trade receivables	892	665	227	No
Dec-23		Trade receivables	958	699	259	No
Mar-24		Trade receivables	1097	850	247	No

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided security, or granted advances in the nature of loans, secured or unsecured any to companies, firms, limited liability partnership or any other parties during the year. The Company has provided guarantee and granted unsecured loans to companies during the year in respect of which the requisite information is as below. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee, or granted any loans to firms, limited liability partnership or any other parties during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided unsecured loans and stood guarantee to any other entity as below :

Annexure A to the Independent Auditor's Report on the Financial Statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024 *(Continued)*

Particulars	Guarantees (Rs. millions)	Loans (Rs. millions)
Aggregate amount during the year Others*	20	60
Balance outstanding as at balance sheet date Others*	-	-

**As per the Companies Act, 2013*

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the guarantees provided and the terms and conditions of the grant of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company,

- in the case of a loan given to a subsidiary outstanding as at the year end amounting to Rs. 225 million, the repayment of principal and payment of interest has been stipulated. The repayments are not yet due.

- in the case of a loan given to a subsidiary outstanding as at the year end amounting to Rs. 124 million, the loan is repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there has been no default on the part of the party to whom the money has been lent.

- in the case of loans given to holding company which were repayable on demand, the same were demanded for repayment and settled without default.

- in case of advance in the nature of loan given to an associate outstanding at the year end amounting to Rs. 118 million, the schedule of repayment of principal, and payment of interest has not been stipulated and accordingly we are unable to comment on whether the repayments or receipts are regular.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in case of advance in the nature of loans Rs. 118 million given to Associate, the schedule for repayment of principal and payment of interest have not been stipulated and accordingly we are unable to comment on the amount overdue for more than ninety days. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or

Annexure A to the Independent Auditor's Report on the Financial Statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024 *(Continued)*

period of repayment except for the following loans to its Related Party as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):.

	Related Party [Rs. Millions]
Aggregate of loans - Repayable on demand (A)	60
Percentage of loans to the total loans	100%

Further, the Company has not given any advances in the nature of loans to any party during the year.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans or provided any guarantee as specified under Section 185 of the Companies Act, 2013 ("the Act"), or provided any security as specified under Section 185 and 186 of the Act. In respect of the loans given, investments made and guarantees given by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income-Tax which have not been deposited on account of any dispute are as follows:

Annexure A to the Independent Auditor's Report on the Financial Statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024 *(Continued)*

Name of the statute	Nature of the dues	Amount (Rs. Million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2	Assessment Year 2017-18	Commissioner of Income Tax-(Appeals)
		16	Assessment Year 2020-21	
		21	Assessment Year 2021-22	

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet 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 on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate companies as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies (as defined under the Act).

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule

Annexure A to the Independent Auditor's Report on the Financial Statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024 *(Continued)*

13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business, except that internal audit has only been completed for part of the year..

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are 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, clause 3(xvi)(a) of the Order is not applicable.

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

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

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors during the year and there were no issues, objections or concerns raised by the outgoing auditors.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, 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 the 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 requirements as stipulated by the provisions of Section 135 are not applicable to the

Annexure A to the Independent Auditor's Report on the Financial Statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024 *(Continued)*

Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573
ICAI UDIN:24060573BKFGPX8612

Place: Chennai
Date: 25 September 2024

Annexure B to the Independent Auditor's Report on the financial statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of AeroStructures Manufacturing India Private Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to

Annexure B to the Independent Auditor's Report on the financial statements of AeroStructures Manufacturing India Private Limited for the year ended 31 March 2024 *(Continued)*

provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Sampad Guha Thakurta

Partner

Place: Chennai

Date: 25 September 2024

Membership No.: 060573

ICAI UDIN:24060573BKFGPX8612

AeroStructures Manufacturing India Private Limited **CIN: U29253KA2013PTC067763**

Balance Sheet

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

	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	4(i)	302	275
Right of use assets	4(ii)	1,291	1,592
Capital work in progress	4(iii)	-	-
Intangible assets	5(i)	60	100
Intangible assets under development	5(ii)	-	4
Financial assets			
Investments	6(i)	755	755
Loans	6(ii)	-	209
Other financial assets	6(vi)	71	64
Deferred tax assets (net)	8(i)	172	154
Other non-current assets	7(i)	29	9
Total non-current assets		**2,680**	**3,162**
Current assets			
Inventories	9(i)	1,872	1,513
Financial assets			
Trade receivables	6(iii)	1,097	825
Cash and cash equivalents	6(iv)	1	83
Bank balances other than above	6(v)	4	20
Loans	6(ii)	349	278
Other financial assets	6(vi)	7	21
Other current assets	7(i)	78	43
Total current assets		**3,408**	**2,783**
Total assets		**6,088**	**5,945**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	487	487
Other equity	11	1,615	1,065
Total equity		**2,102**	**1,552**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	13(i)	135	229
Lease liabilities	4(ii)	979	1,238
Other financial liabilities	13(iii)	-	18
Employee benefit obligations	12(i)	51	43
Total non current liabilities		**1,165**	**1,528**
Current liabilities			
Financial liabilities			
Borrowings	13(i)	1,340	1,414
Lease liabilities	4(ii)	264	204
Trade payables			
(a) Total outstanding dues of micro and small enterprises	13(ii)	3	-
(b) Total outstanding dues other than (a) above	13(ii)	1,053	1,092
Other financial liabilities	13(iii)	39	33
Contract liabilities	13(iv)	5	85
Employee benefit obligations	12(i)	22	20
Current tax liabilities	14(ii)	87	9
Other current liabilities	14(i)	8	8
Total current liabilities		**2,821**	**2,865**
Total liabilities		**3,986**	**4,393**
Total equity and liabilities		**6,088**	**5,945**
Summary of material accounting policies	2		

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 B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573
Place: Chennai
Date: September 25, 2024

For and on behalf of the Board of Directors of
AeroStructures Manufacturing India Private Limited

Dinesh Iyer
Director
DIN: 09515485
Place: Belagavi
Date: September 25, 2024

Shirish Ganamukhi
Director
DIN: 09246883
Place: Belagavi
Date: September 25, 2024

Ravi Hugar
Company Secretary
M. No.: A20823
Place: Belagavi
Date: September 25, 2024

AeroStructures Manufacturing India Private Limited **CIN:U29253KA2013PTC067763**

Statement of Profit and Loss

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

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Income			
Revenue from operations	16	4,598	3,612
Other income	17	91	66
Total income (A)		**4,689**	**3,678**
Expenses			
Cost of materials consumed	18	1,959	1,760
Changes in inventories of work in progress and finished goods	19	(168)	(228)
Employee benefit expenses	20	389	363
Net impairment losses on financial assets	24	(2)	(8)
Other expenses	22	1,239	1,086
Total cost (B)		**3,417**	**2,973**
Earnings before interest, tax, depreciation and amortisation (A-B)		**1,272**	**705**
Depreciation and amortisation expense	21	383	383
Finance cost (net)	23	273	267
Profit/(loss) before exceptional items and tax		**616**	**55**
Exceptional items	25	-	156
Profit /(Loss) before tax		**616**	**(101)**
Income tax expense			
- Current tax	15	115	12
- Deferred tax (credit)/ charge	15	(18)	48
Total tax expense		**97**	**60**
Profit /(Loss) for the year		**519**	**(161)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(1)	7
- Income tax relating to these items		-	(2)
Other comprehensive income / (loss) for the year, net of tax		**(1)**	**5**
Total comprehensive income / (loss) for the year		**518**	**(156)**
Basic Earnings/ (Loss) per equity share: [Nominal value per share: ₹10 (2023: ₹10)]	35	10.67	(3.29)
Summary of material accounting policies	2		

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 B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No: 060573
Place: Chennai
Date: September 25, 2024

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AeroStructures Manufacturing India Private Limited

Dinesh Iyer	**Shirish Ganamukhi**	**Ravi Hugar**
Director	**Director**	**Company Secretary**
DIN: 09515485	DIN: 09246883	M. No.: A20823
Place: Belagavi	Place: Belagavi	Place: Belagavi
Date: September 25, 2024	Date: September 25, 2024	Date: September 25, 2024

AeroStructures Manufacturing India Private Limited **CIN: U29253KA2013PTC067763**

Statement of Changes in Equity

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

A. Equity share capital

	Note	Amount
Balance as at April 1, 2022		**487**
Changes during the year	**10**	-
Balance as at March 31, 2023		**487**
Changes during the year	**10**	-
Balance as at March 31, 2024		**487**

B. Other equity

	Reserves and Surplus		Capital Reserve		Total other equity
	Retained earnings	Securities premium reserve	Share options outstanding account	Other reserves	
Balance as at April 1, 2022	**(170)**	**1,222**	**2**	**147**	**1,201**
(Loss)/ Profit for the year	(161)	-	-	-	(161)
Other comprehensive income /(loss) for the year	5	-	-	-	5
Total comprehensive income for the year	**(156)**	**-**	**-**	**-**	**(156)**
Transactions with owners of the company					
Financial guarantee adjustments	-	-	-	18	18
Share based payment expenses	-	-	2	-	2
Total contributions and distributions	**-**	**-**	**2**	**18**	**20**
Balance as at March 31, 2023	**(326)**	**1,222**	**4**	**165**	**1,065**
(Loss)/ Profit for the year	519	-	-	-	519
Other comprehensive income /(loss) for the year	(1)	-	-	-	(1)
Total comprehensive income for the year	**518**	**-**			**518**
Transactions with owners of the company					
Financial guarantee adjustments	-	-	-	31	31
Share based payment expenses	-	-	1	-	1
Total contributions and distributions	**-**	**-**	**1**	**31**	**32**
Balance as at March 31, 2024	**192**	**1,222**	**5**	**196**	**1,615**

Summary of material accounting policies (Note 2)

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 B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No : 060573
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Date: September 25, 2024

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Place: Belagavi
Date: September 25, 2024

AeroStructures Manufacturing India Private Limited **CIN: U29253KA2013PTC067763**

Statement of Cash Flows

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

	Year ended March 31, 2024	Year ended March 31, 2023
A. Cash flow from operating activities		
Profit/(loss) before income tax	616	(101)
Adjustments for:		
Depreciation and amortisation expense	383	383
Unrealized foreign exchange loss/(gain)	(27)	23
Employee stock compensation expense	1	2
Finance income	(36)	(54)
Liabilities no longer required written back	(6)	(9)
Loss allowance on trade receivables (Net)	2	(8)
Provision for slow moving inventory	13	36
Impairment of recoverables from related party	-	119
Interest expense on borrowings	211	170
Guarantee commission expense	31	27
Guarantee commission income	(27)	(10)
Unwinding of discount on security deposit	(3)	(3)
Assets written off	6	-
Impairment loss/write down in value of investment	-	37
	548	**713**
Change in operating assets and liabilities		
(Increase)/decrease in		
- trade receivables	(270)	(228)
- inventories	(372)	(611)
- other financial assets	14	159
- other non-current assets	(6)	5
- other current assets	(33)	6
Increase/(decrease) in		
- trade payables	(30)	345
- employee benefit obligations	10	6
- other financial liabilities	22	(52)
- other current liabilities	-	(7)
- contract liabilities	(80)	84
Cash generated from operations	419	320
Income taxes paid/(refund received)	(37)	(1)
Net cash inflow / (outflow) from operating activities (A)	**382**	**319**
B. Cash flows from investing activities:		
Purchase of property, plant and equipment and intangible assets	(84)	(59)
Interest received	10	14
Maturity of deposits with bank	16	-
Loans given to related parties	-	(400)
Proceeds from loan given to related parties	164	360
Net cash inflow / (outflow) from investing activities (B)	**106**	**(84)**
C. Cash flows from financing activities:		
Repayment of borrowings	(141)	(137)
Proceeds from long-term borrowings	35	-
Principal repayments of lease liability	(184)	(160)
Proceeds / (repayment) from short-term borrowings (net)	(69)	266
Interest paid	(211)	(170)
Net cash inflow / (outflow) from financing activities (C)	**(570)**	**(200)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(82)**	**34**
Cash and cash equivalents at the beginning of the financial year	83	49
Cash and cash equivalents at end of the year (Refer Note 6(iv))	**1**	**83**
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents (Refer Note 6(iv))	1	83
Balances as per statement of cash flows	**1**	**83**

The above statement of cash flows should be read in conjunction with the accompanying notes.
This is the statement of cash flows referred to in our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No.: 060573
Place: Chennai
Date: September 25, 2024

For and on behalf of the Board of Directors of AeroStructures Manufacturing India Private Limited

Dinesh Iyer
Director
DIN: 09515485
Place: Belagavi
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DIN: 09246883
Place: Belagavi
Date: September 25, 2024

Ravi Hugar
Company Secretary
M. No.: A20823
Place: Belagavi
Date: September 25, 2024

1. Background

AeroStructures Manufacturing India Private Limited ('the Company') was incorporated on February 7, 2013 under the Companies Act 1956, in India. The Company is a wholly owned subsidiary of Aequs Private Limited (APL). The Company has its registered office in Aequs SEZ, Hattargi Village, Taluka Hukkeri, Belgaum, Karnataka and is engaged in the business of machining and manufacturing of aerostructures components.

2. Summary of material accounting policies

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

(a) 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.

The Company has opted for exemption from preparing the consolidated financial statements as per the applicable accounting standards, as the consolidated financial statements are prepared by the holding company, Aequs Private Limited.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) are measured at fair value;
- share-based payments
- defined benefit obligations

(iii) New and amended standards adopted by the Company:

The Ministry of Corporate Affairs had vide notification dated March 31, 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and were effective April 1, 2023. The Rules predominantly amended 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 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) 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.

(v) 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 costs and income tax expense.

(b) 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. All amounts have been rounded to the nearest millions, unless otherwise indicated.

(c) Foreign currency 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 in respect of borrowings are presented in the statement of profit and loss, within finance costs.

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All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

(d) Revenue recognition

Revenue is recognised when control of products has transferred to customers and there are no unfulfilled obligations that could affect the customer's acceptance of the products. Control of products is considered to be transferred at a point-in-time when goods have been dispatched 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 at a point in time in the accounting period in which services are rendered.

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.

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 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 realizable.

(e) 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided, using the an asset and liability based approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize 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 realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(f) Leases

Leases are recognized 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. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

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

• the amount of initial measurement of lease liability

• any lease payments made on or before the commencement date less any lease incentives received

• any initial direct costs, and

• restoration costs

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.

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

(g) Impairment of assets

Assessment is done whenever there is an event or change in circumstances as to where there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of asset, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/ cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(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. Bank overdrafts are shown within borrowings in current financial liabilities in the balance sheet.

i) Inventories

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realizable value.

Cost of raw materials comprises cost of purchases net of rebates and discounts. Cost of work-in- progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. (Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition). Costs are assigned to individual items on weighted average basis.

The comparison of cost and net realizable value is made on an item-by-item basis. 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.

Provisions are made towards slow-moving and obsolete items based on historical experience of utilization on a product category basis, which includes the consideration of product lines and market conditions and ageing of inventory.

(j) Financial Instruments –

(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 recognized 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 amortized cost less loss allowance.

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(ii) 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 amortized 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

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value on initial recognition.

(iii) Subsequent measurement

(a) Financial assets measured at 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.

(b) Financial assets measured at 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 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.

(c) Financial assets measured at fair value through profit and loss (FVTPL):

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit and loss. Interest income from these financial assets is included in other income.

(iv) Impairment of financial asset

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28 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. Refer Note 28.

(v) 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 derecognized.

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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.

(vi) Income recognition

Interest income

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

(iii) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(iv) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized 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 capitalized as a prepayment for liquidity services and amortized 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.

(v) Borrowing costs

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

(vi) Offsetting financial instruments

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

(vii) Financial guarantee contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the (i) amount determined in accordance with the expected credit loss model as per Ind AS 109 and the amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the principles Ind AS 115. The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investments.

(k) 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 derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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(All amounts are in ₹ (in million) unless otherwise stated)

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)
Leasehold improvements	10 years or lease period, whichever is lower	Not applicable
Plant and machinery	1.5-10 years	8-15 years
Computers	3-6 years	3-6 years
Furniture and fittings	1.5-5 years	10 years
Vehicles	10 years	8 to 10 years
Office and other equipment	1.5-5 years	10 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 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.

(m) Intangible assets

An intangible asset shall be measured initially at cost. Intangible assets include Computer software and Technical knowhow. Costs associated with maintaining software programmes are capitalized as an expense as incurred. Technical knowhow comprises of capitalized product development costs being an internally generated intangible assets.

The Company amortizes intangible assets with finite useful life using the straight-line method over the following estimated useful lives :

Computer software	1-10 years
Technical knowhow	5 years

(n) 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 be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are 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 a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

(o) Employee benefits

(i) Short-term obligations

Liabilities for salaries wages, bonus, accumulated leaves 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.

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(ii) Other long-term employee benefit obligations

The liability recognised in the balance sheet in respect of leave obligations is the present value of the obligation at the end of the reporting period. The liability is calculated annually by independent 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 i.e. gratuity; and

(b) defined contribution plans i.e. provident fund and Employee state insurance (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 independent 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 Organization 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 ("options") 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.

(p) Earnings per share

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

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

(q) Exceptional items

Exceptional items are material items of income or expenses that are disclosed separately due to the significance of their nature or amount, to provide further understanding of the financial performance of the Company.

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Note: 3

Estimates and judgements

'The preparation of financial statements in conformity with Ind AS 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 and intangible assets, share-based compensation, defined benefit obligations, Impairment of investments in subsidiaries, associates & Joint ventures and Estimation of deferred tax expenses/benefits. Actual results could differ materially from these estimates.

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

4(i) Property, plant and equipments

	Gross Carrying amount				Accumulated depreciation				Net carrying amount as at March 31, 2024
	As at April 01, 2023	Additions / Transfer from ROU	Disposals	As at March 31, 2024	As at April 01, 2023	For the year / Transfer from ROU	Disposals	As at March 31, 2024	
Leasehold improvements	20	-	-	20	11	2	-	13	7
Plant and machinery	823	238	-	1,061	570	206	-	776	285
Computer equipments	35	1	-	36	26	3	-	29	7
Office equipments	17	-	-	17	13	1	-	14	3
Furniture and fittings	-	-	-	-	-	-	-	-	-
Total	**895**	**239**	**-**	**1,134**	**620**	**212**	**-**	**832**	**302**

	Gross Carrying amount				Accumulated depreciation				Net carrying amount as at March 31, 2023
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	For the year / Transfer from ROU	Disposals	As at March 31, 2023	
Leasehold improvements	17	3	-	20	9	2	-	11	9
Plant and machinery	791	32	(0)	823	490	80	(0)	570	253
Computer equipments	30	5	-	35	23	3	-	26	9
Office equipments	15	2	-	17	12	1	-	13	4
Furniture and fittings	0	-	-	-	0	-	-	-	-
Total	**853**	**42**	**(1)**	**895**	**534**	**86**	**(0)**	**620**	**275**

a. Refer to Note 37 for information on property, plant and equipment (excluding buildings on leasehold land and leasehold improvements) pledged as security.

b. Refer to Note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment and Leases.

c. Additions in Plant and machinery include assets transferred from Right-of-use assets with gross carrying amount of ₹163 and accumulated depreciation of ₹120 on settlement of contractual payments.

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

4(ii) Leases
Right of use assets

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount as at March 31, 2024
	As at April 1, 2023	Additions	Disposals / Transfer to PPE	As at March 31, 2024	As at April 1, 2023	For the year	Disposals / Transfer to PPE	As at March 31, 2024	
Plant and machinery	2,009		(163)	1,846	883	183	(118)	948	898
Buildings	657			657	191	73	-	264	393
Total	**2,666**	-	**(163)**	**2,503**	**1,074**	**256**	**(118)**	**1,212**	**1,291**

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount as at March 31, 2023
	As at April 1, 2022	Additions	Disposals / Trasfer to PPE	As at March 31, 2023	As at April 1, 2022	For the year	Disposals / Transfer to PPE	As at March 31, 2023	
Plant and machinery	1,946	63		2,009	690	193	-	883	1,126
Buildings	486	248	(77)	657	197	71	(77)	191	466
Total	**2,432**	**311**	**(77)**	**2,666**	**888**	**264**	**(77)**	**1,074**	**1,592**

Note:
a. The Company has entered into agreements with lessor for taking factory, office premises and Plant & Machinery on lease. The Company's lease contracts are for fixed periods of 8 years for plant and machinery and 10 years for building.

(i) Lease liabilities

	As at March 31, 2024	As at March 31, 2023
Current	264	204
Non-current	979	1,238
Total	**1,243**	**1,442**

The Company's lease liabilities, by maturity are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Less than one year	310	258
Between one and five years	863	1,084
After five years	251	334
Total minimum lease payments	**1,424**	**1,676**
Less: imputed interest	182	235
Present value of lease payments	**1,242**	**1,442**

(ii) Other amounts recognised in the statement of profit and loss and cashflow

	Note	Year ended March 31, 2024	Year ended March 31, 2023
Interest expense (included in finance costs)	23	77	65
Expense relating to leases of low-value assets (included in other expenses)	22	4	5
Cash outflow for leases (principle and interest)		261	225

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

4(iii) Capital work-in-progress

	As at April 1, 2023	Additions	Transfer	As at March 31, 2024	As at April 1, 2022	Additions	Transfer	As at March 31, 2023
Capital work in progress	-	-		-	8	-	(8)	-

5(i) Intangible assets

	Gross carrying amount				Accumulated amortisation				Net carrying amount as at March 31, 2024
	As at April 1, 2023	Additions	Disposals	As at March 31, 2024	As at April 1, 2023	For the year	Disposals	As at March 31, 2024	
Computer Software	74	1		75	52	5	-	57	18
Technical know-how	147		(33)	114	69	31	(28)	72	42
Total	**221**	**1**	**(33)**	**189**	**121**	**36**	**(28)**	**129**	**60**

	Gross carrying amount				Accumulated amortisation				Net carrying amount as at March 31, 2023
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	For the year	Disposals	As at March 31, 2023	
Computer Software	71	3		74	47	5	-	52	22
Technical know-how	136	11		147	41	28	-	69	78
Total	**207**	**14**	-	**221**	**88**	**34**	-	**121**	**100**

5(ii) Intangible assets under development

	As at April 01, 2022	Additions	Transfers	As at March 31, 2023	As at April 1, 2023	Additions	Transfers	As at March 31, 2024
Computer Software	1		(1)		-	-	-	-
Technical know-how	2	13	(11)	4	4	-	(4)	-
Total	**3**	**13**	**(12)**	**4**	**4**	-	**(4)**	-

Aging of Intangible assets under development as at March 31, 2024

	Amount				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Projects In Progress				-	-

Aging of Intangible assets under development as at March 31, 2023

	Amount				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Projects In Progress	4			-	4

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

	As at March 31, 2024	As at March 31, 2023
6 Financial assets		
6(i) Non-current investments		
(A) Investment in equity instruments (fully paid-up)		
Unquoted		
Investment in subsidiary at cost		
100% (March 31, 2023 : 100%) shares in common stock of Aequs Aerospace LLC.	887	887
Investment in associate at cost		
2,910,000 (March 31, 2023 : 2,910,000) equity shares (face value 1 Euro) of Aequs Aerospace BV. (Refer note 26)	203	203
Aggregate amount of unquoted investments	**1,090**	**1,090**
Aggregate amount of impairment in the value of investments (Refer note 26)	(335)	(335)
Total non-current investments	**755**	**755**

Note: Investment in equity shares of Aequs Aerospace BV includes the amount of notional investment recognized towards fair value of financial guarantee given ₹45 (March 31, 2023: ₹58)

6(ii) Loans		
Non -current		
Loans to related parties (Refer note 28)	-	209
	-	**209**
Current (unsecured, considered good)		
Loans to related parties (Refer note 28)	349	278
	349	**278**

6(iii) Trade receivables		
Current, unsecured		
Trade receivables from contracts with customers	829	624
Trade receivables from contracts with customers - related parties (Refer note 28)	268	203
Less: Loss allowance (Refer note 24)	0	(2)
Total receivables	**1,097**	**825**

Note:

1. For lien/charge against trade receivables refer Note 37.

Ageing of Trade receivables as on March 31, 2024

Particulars	Not due	Outstanding for following periods from the due date					Total
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables							
Considered good	869	224	2	2	0	-	1,097
Disputed trade receivables	-	-	-	-	-	-	-
Less: Loss allowance	-		-	(0)	(0)		(0)
Total trade receivables	**869**	**224**	**2**	**2**	**-**	**-**	**1,097**

Ageing of Trade receivables as on March 31,2023

Particulars	Not due	Outstanding for following periods from the due date					Total
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables							
Considered good	761	65	1	0	-	-	827
Disputed trade receivables	-	-	-	-	-	-	-
Less: Loss allowance	(0)	(1)	(1)	(0)	-	-	(2)
Total trade receivables	**761**	**64**	**0**	**0**	**0**	**0**	**825**

6(iv) Cash and cash equivalents		
Balances with banks:		
- in current accounts	1	3
- Deposits with original maturity of 3 months or less	0	80
Cash on hand	0	0
	1	**83**
6(v) Bank balances other than above		
Deposits with original maturity of more than 3 months but less than 12 months	4	20
	4	**20**

Notes :

(i) The deposits are hypothecated as Margin money deposits

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

	As at March 31, 2024	As at March 31, 2023
6(vi) Other financial assets (unsecured, considered good unless otherwise specified)		
Non current		
Security deposits	71	64
	71	**64**
Current		
Recoverable from related parties (Refer note 28)	126	126
Deferred financial guarantee expense	-	14
MEIS incentive receivable	-	8
Provision for doubtful assets	(119)	(127)
	7	**21**
Provision for doubtful assets includes:		
Expected credit loss towards recoverables from related parties*	(119)	(119)
Provision for doubtful export incentives receivable	-	(8)
	(119)	**(127)**

*The Company had issued a guarantee to a bank in India to enable Aequs Aerospace BV, a foreign associate of the Company, to drawdown loans in earlier years. In respect of the loan availed in 2016, certain installments amounting to ₹ 119 was directly paid by the Company to the bank over a period of five years to meet its ongoing repayment obligations. The Company is in discussions with its Authorised Dealer to evaluate the compliance requirements under Foreign Exchange Management Act, 1999 and regulations thereunder (FEMA Regulations) in respect of these transactions, if any. Pending such evaluation, there is uncertainty whether penalty may be levied under the FEMA Regulations and accordingly, no adjustments have been made to these financial statements.

	As at March 31, 2024	As at March 31, 2023
7(i) Other assets		
Non current		
Capital advances	16	2
Prepaid expenses	4	7
Contract assets	9	-
	29	**9**
Current		
Advance to suppliers	24	12
Prepaid expenses	25	28
Balances with statutory authorities	-	3
Contract assets	12	-
Deferred financial guarantee expense	17	
	78	**43**
8(i) Deferred tax assets (net)		
MAT credit entitlement	95	95
Deferred tax asset/ (liability)	77	59
	172	**154**
9(i) Inventories		
Raw materials (includes Goods in transit :₹95 (March 31,2023:₹37))	988	781
Work-in-progress	514	460
Finished goods	446	335
Stores and spares, including packing materials (Goods in transit:₹1 (March 31, 2023:₹1)	43	43
	1,991	**1,619**
Less: Provision for slow moving inventory	(119)	(106)
	1,872	**1,513**

Note:

(a) Write-down of inventories to net realizable value amounted to ₹78 (March 31, 2023: ₹68). These were recognized as an expense during the year and included in 'changes in inventories of work-in-progress and finished goods in statement of profit and loss.

(b) For lien/charge against inventory refer note no. 37

(c) An amount of ₹0 (March 31, 2023: ₹7) was written off during the year on account of differences identified on physical verification of inventories. During the year an amount of ₹0 (March 31, 2023: ₹64) was writen off on account of obsolete inventory.

(d) Provision for slow moving inventory includes provision in respect of:

Raw materials	(63)	(47)
Work-in-progress	(12)	(21)
Finished goods	(22)	(16)
Stores and spares	(22)	(22)
	(119)	**(106)**

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

	March 31, 2024	March 31, 2023
10 Equity share capital		
(i) Authorised equity share capital		
Balance as at the beginning of the year		
48,650,000 (March 31, 2023 : 48,650,000) equity shares of ₹10/- each.	487	487
Balance as at the end of the year	**487**	**487**
(ii) Issued, subscribed and fully paid up share capital		
Movement in equity share capital		
Balance as at the beginning of the year	487	487
48,642,438 (March 31, 2023: 48,642,438) equity shares of ₹10/- each.		
Add: Increase during the year	-	-
Total issued, subscribed and fully paid-up share capital	**487**	**487**

(iii) Movement in equity share capital

	March 31, 2024		March 31, 2023	
	Nos. of shares	**Amount**	**Nos. of shares**	**Amount**
At the beginning of the year	48,642,438	487	48,642,438	487
Add: Issued and allotted during the year	-	-	-	-
Outstanding at the end of the year	**48,642,438**	**487**	**48,642,438**	**487**

(iv)Terms & rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, equity share holders are eligible to receive remaining assets of the Company, after distribution of all preferential

(v) Shares held by holding/ ultimate holding Company and/ or their subsidiaries/ associates

Out of equity shares issued by the company, shares held by its holding Company, ultimate holding company are as below:

	March 31, 2024	March 31, 2023
Equity shares of ₹10 each fully paid		
Aequs Private Limited, the holding company (promoter)	486	486
48,642,437 (March 31, 2023: 48,642,437)shares of ₹10/- each		

There is no movement in shareholding during the year.

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

Name of the shareholder	Number of equity shares	% holding
Equity shares of ₹10 each fully paid		
As at March 31, 2024		
Aequs Private Limited	48,642,438	100%
As at March 31, 2023		
Aequs Private Limited	48,642,438	100%

Note: 1 share is held by Rajeev Kaul on behalf of Aequs Private Limited.

(vii) There have been no movement in promoters' holding during the current and previous year.

(viii) There are no shares issued for consideration other than cash during the current year and prior year.

(ix) There are no shares reserved for issue under options, contracts or commitments.

(x) There are no bonus shares issued during the period of five years immediately preceding the year end.

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

		March 31, 2024	March 31, 2023
11	**Other equity**		
	(i) Reserves and surplus		
	Retained earnings	192	(326)
	Securities premium reserve	1,222	1,222
	(ii) Capital reserve		
	Share options outstanding account	5	4
	Other reserves	196	165
		1,615	**1,065**

For movement in other equity, refer "Statement of Changes in Equity"

(a) Retained earnings

Retained earnings comprises of prior and current year's undistributed earnings after tax.

(b) 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 Companies Act 2013.

(c) Capital reserve

Capital reserve comprises of :

(i) Share options outstanding account

The share options outstanding account is used to recognise the cost of employee stock option expenses incurred by the ultimate holding company Aequs Private limited. Cost associated with the outstanding share option is valued based on the fair value as on the grant date. Charge related to employee stock option plans are not material, hence details disclosure as required under Ind AS 102 - Share Based Payments, are not included in these financial statements.

(ii) Other reserves

Other reserves comprises of the recognition of fair value of financial guarantee received from Aequs Private Limited, the holding company, Aequs SEZ Private Limited and MFRE Trust which are other related parties and after netting of recognition of fair value of financial guarantee given to Squad Forging India Private Limited, a Joint venture of the holding company and Aequs Toys Private Limited, a fellow subsidiary.

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

	March 31, 2024	March 31, 2023
12(i) Employee benefit obligations		
Non-current		
Gratuity	51	43
	51	**43**
Current		
Gratuity	3	3
Leave obligations	19	17
	22	**20**

(i) Leave obligations

The leave obligations cover the company's liability for earned leave.

The amount of provision of ₹19 (March 31, 2023: ₹17) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations.

(ii) Defined contribution plans

The Company has defined contribution plan in the form of Provident fund and Pension scheme for qualifying employees. Contributions are made to provident fund for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

In respect of such contributions, the Company has recognised the following amounts in the Statement of Profit and Loss:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Provident fund paid to the authorities	15	15
Employees State Insurance	0	1
	15	**16**

(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.

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

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

Particulars	March 31, 2024	March 31, 2023
(a) Total amount recognised in statement of profit and loss account		
Current service cost	8	8
Interest cost/(income)	3	3
Total amount recognised in statement of profit or loss	**11**	**11**
(b) Total amount recognised in other comprehensive income		
Remeasurements		
- (Gains)/losses from changes in demographic assumptions	2	(1)
- (Gains)/losses from changes in financial assumptions	2	(1)
- Experience (gains)/losses	(3)	(5)
Total amount recognised in other comprehensive income	**1**	**(7)**
Total amount recognised in statement of profit and loss and other comprehensive income (a+b)	**12**	**4**

(c) Changes in the defined benefit obligation during the year

Particulars	March 31, 2024	March 31, 2023
Obligations at the beginning of the year	46	45
Current service cost	8	8
Past service cost		
Interest cost	3	3
Benefits paid	(5)	(3)
Liabilities assumed/(settled) on transfer of employees	0	(1)
Remeasurement (gains)/ losses		
- arising from changes in demographic assumptions.	2	(1)
- arising from changes in financial assumptions.	2	(1)
- arising from changes in experience adjustments.	(3)	(5)
Defined benefit obligation as at the end of the year	**53**	**46**
(d) Classification		
Current	3	3
Non current	50	43
Total	**53**	**46**

(e) Actuarial assumptions		
Discount rate per annum	7.20%	7.50%
Salary escalation rate per annum	10%	10%
Other actuarial assumptions		
Attrition rate	14% at younger ages and reducing to 0% at older ages according to graduated scale.	14% at younger ages and reducing to 0% at older ages according to graduated scale.
Retirement age	58	58

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Sensitivity analysis

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

Changes in assumption	March 31, 2024	March 31, 2023
Discount rate		
a. Discount rate - 50 basis points	50	43
a. Discount rate - 50 basis points impact (%)	-6.13%	-5.47%
b. Discount rate + 50 basis points	56	49
b. Discount rate +50 basis points impact (%)	6.72%	5.96%
Salary increase rate		
a. Rate - 50 basis points	56	48
a. Rate - 50 basis points impact (%)	6.28%	5.68%
b. Rate + 50 basis points	50	43
b. Rate + 50 basis points impact (%)	-5.83%	-5.37%

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 million) [Undiscounted]	March 31, 2024	March 31, 2023
Less than 1 year	3	3
Between 1 and 5 years	12	13
After 5 years	146	118
Weighted average duration of the defined benefit obligation in years	12.83 years	11.42 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.

Attrition/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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(All amounts are in INR millions, except share data, unless otherwise stated)

		March 31, 2024	March 31, 2023
13	**Financial liabilities**		
13(i)	**Borrowings**		
	Non current:		
	Term loans from banks	270	373
	Total non-current borrowings	**270**	**373**
	Less: Interest accrued but not due on borrowings	(4)	(4)
	Less: Current maturities of term loans	(131)	(140)
	Non-current borrowings (as per Balance Sheet)	**135**	**229**
	Current:		
	Loans repayable on demand		
	Working capital facilities from banks (secured)	1,205	1,270
	Interest accrued but not due on borrowings	4	4
	Current maturities of term loans	131	140
	Total current borrowings	**1,340**	**1,414**

(i) Term loans

1) HDFC Bank: Term loan taken by the Company carries an interest at 1YRS MCLR + 1.35% p.a. and is repayable in 57 monthly instalments and is secured by hypothecation of plant & machinery, collateral security over parcel of land & building owned by M/s. MFRE Private Trust, the personal guarantee of Mr. Aravind Melligeri, Director of the Holding Company and corporate guarantee given by M/s. Aequs Private Limited ('APL') (restricted to the extent of ₹600) and & M/s. MFRE Private Trust to the extent of value of the property which is provided as collateral, the value of which is ₹213. The outstanding balance of the loan as on March 31, 2024 Nil. (As on March 31, 2023 is ₹17). An amount of ₹2 (As on March 31, 2023 : ₹1) has been has been adjusted against this loan on account of unamortised financial guarantee expense and unamortised loan processing fees. This loan facility closed during the year in December 2023.

2) HDFC Bank: Term loan taken by the Company carries an interest at 1YRS MCLR + 1.35% p.a. and is repayable in 60 monthly instalments and is secured by hypothecation of plant & machinery, collateral security over parcel of land & building owned by M/s. MFRE Private Trust, the personal guarantee of Mr. Aravind Melligeri, Director of the Holding Company and corporate guarantee given by M/s. Aequs Private Limited (restricted to the extent of ₹600) and & M/s. MFRE Private Trust to the extent of value of the property which is provided as collateral.The outstanding balance of the loan as on March 31, 2024 is ₹13 (As on March 31, 2023 is ₹23). An amount of ₹0 (As on March 31, 2023 : ₹3) has been has been adjusted against this loan on account of unamortised financial guarantee expense and unamortised loan processing fees.

3) HDFC Bank: Term loan taken by the Company carries an interest at 3 MT BILL+2.2.% p.a. and is repayable in 60 monthly instalments and is secured by hypothecation of raw material, semi-finished goods, finished goods, existing and future receivables (excluding receivables from related parties) and other current assets. Collateral security includes, parcel of land owned by Aequs SEZ Private Limited ('ASEZ')and hypothecation charges on unencumbered plant and machineries and other fixed assets of the Company and personal guarantee given by Mr. Aravind S Melligeri, Director of the Holding company. The outstanding balance of the loan as on March 31, 2024 is ₹35 (As on March 31, 2023: ₹0).

4) Emergency Credit Line Guarantee Scheme (ECLGS) Loan - INR Loan

a) HDFC Bank: ECLGS Loan taken by the Company carries an interest at 1YRS MCLR + 1.35% p.a. and is repayable in 60 monthly instalments after 12 months of moratorium period and is secured by extension of second charge over Primary and secondary securities including Mortgage Created in favor of bank. ECLGS Loan is 100% guaranteed by NCGTC+C11 (Ministry of Finance, Government of India). The outstanding balance of the loan as on March 31, 2024 is ₹83. (As on March 31, 2023 is ₹125).

b) Axis Bank: ECLGS Loan taken by the Company carries an interest at REPO + 4.85% p.a. and is repayable in 48 monthly instalments after 12 months of moratorium period and is secured by hypothecation of plant & machinery, collateral security over parcel of land owned by Aequs SEZ Pvt Ltd(restricted to the value of the land) . ECLGS Loan is 100% guaranteed by NCGTC (Ministry of Finance, Government of India). The outstanding balance of the loan as on as on March 31, 2024 is ₹53. (March 31, 2023 is ₹85).

c) Axis Bank: ECLGS Loan taken by the Company carries an interest at REPO + 4.85% p.a. and is repayable in 48 monthly instalments after 12 months of moratorium period and is secured by hypothecation on entire current assets of the borrower both present and future. ECLGS Loan is 100% guaranteed by NCGTC (Ministry of Finance, Government of India). The outstanding balance of the loan as on March 31, 2024 is ₹86. (March 31, 2023 is ₹126)

(ii) Working capital facility from banks

a)Working capital facilities taken by the Company includes Export Packing Credit (EPC) and Pre-shipment Credit in Foreign Currency (PCFC) and Cash Credit (CC). Working capital facilities are secured by hypothecation of raw material, semi-finished goods, finished goods, existing and future receivables (excluding receivables from related parties) and other current assets. Collateral security includes, parcel of land owned by Aequs SEZ Private Limited and hypothecation charges on unencumbered plant and machineries and other fixed assets of the Company and personal guarantee given by Mr. Aravind S Melligeri, Director of the Holding company. Corporate guarantee given by APL, ASEZ and MFRE Trust.

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

Financial liabilities - Borrowings (continued)

Working capital facilities are repayable on demand, and below interest rates are applicable

	March 31, 2024			March 31, 2023		
	PCFC	EPC	CC	PCFC	EPC	CC
HDFC Bank	Term SOFR + 200 bps	T-Bill 3 Months + Spread 1.23%	T-Bill 3 Months + Spread 2.59%	6 Months SOFR+200 bps p.a	3 MT Bill +1.23% p.a	1 Year MCLR +1.2% p.a
Axis Bank	1 YR SOFR+200 bps	3 M MCLR+1.45%	3 M MCLR+1.45%	3 Months MCLR+140 bps p.a	3 Month MCLR +1.4% p.a	3 Month MCLR +1.4% p.a

(iii) The carrying amounts of financial and non- financial assets pledged as security for current and non-current borrowings are disclosed in Note 37.

1) Details of quarterly statements of current assets filed by the Company with bank and reconciliation with the books of account for the year ended March 31, 2024:

a. Inventories

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account (net of provision)	Amount as reported in the quarterly return/ statements	Amount of difference	Reason for discrepancies
Jun-23	Axis Bank & HDFC Bank	Inventories	1,587	1,679	(92)	Refer Note a
Sep-23		Inventories	1,775	1,888	(113)	Refer Note a
Dec-23		Inventories	1,686	1,803	(117)	Refer Note a
Mar-24		Inventories	1,872	1,851	21	Refer Note b

Notes:

(a) Amount reported quarterly to a bank is before considering the provision for slow moving inventory.

(b) Valuation related adjustments.

b. Trade Receivables

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statements	Amount of difference	Reason for discrepancies
Jun-23	Axis Bank & HDFC Bank	Trade receivables	881	689	192	Refer note a & b
Sep-23		Trade receivables	892	665	227	Refer note a & b
Dec-23		Trade receivables	958	699	259	Refer note a & b
Mar-24		Trade receivables	1,097	850	247	Refer note a & b

(a) Adjustments made by the Company post submission of information to the bank.

(b)Excludes trade receivable from related party and unrealised forex gain/loss.

	March 31, 2024	March 31, 2023
13(ii) Trade Payables		
Current:		
Trade payables		
- Dues to micro and small enterprises (refer note 36)	3	-
	3	-
- Other trade payables	1,053	1,092
	1,053	**1,092**
	1,056	**1,092**

Ageing of Trade payables: March 31, 2024

Particulars	Unbilled	Outstanding for the following periods from due date				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables						
Micro enterprises and small enterprises	2	1	-	-	-	**3**
Others	243	810	1	0	0	**1,053**
Total	**243**	**810**	**1**	**0**	**0**	**1,056**

Ageing of Trade payables: March 31, 2023

Particulars	Unbilled	Outstanding for the following periods from due date				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables						
Micro enterprises and small enterprises	-	-	-	-	-	-
Others	133	959	0	0	0	**1092**
Total	**133**	**959**	**0**	**0**	**0**	**1,092**

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

	March 31, 2024	March 31, 2023
13(iii) Other financial liabilities		
Non current:		
Guarantee liability	-	18
	-	**18**
Current:		
Capital creditors	13	6
Employees related liability	22	17
Payable to related parties (refer note 28)	4	1
Guarantee liability	-	9
	39	33
13(iv) Contract liabilities		
Advance from customers	5	85
	5	**85**
Advance from customer :		
Balance at the beginning of the year	85	1
Revenue recognised during the year out of the above	(85)	(1)
Advance received during the year	5	85
Balance at the end of the year	**5**	**85**
14(i) Other liabilities		
Current:		
Statutory taxes payable	8	8
	8	**8**
14(ii) Current tax liabilities		
Provision for Income-Tax, net of Advance tax	87	9
	87	**9**

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

	March 31, 2024	March 31, 2023
15 A. Income tax expense		
Current tax expense	115	12
Deferred tax expense/(credit)	(18)	48
Income tax expense/ (income)	**97**	**60**

B. Reconciliation of tax expenses and the accounting profit multiplied by India's tax rates.

Tax expenses under general provisions of the income tax expenses	March 31, 2024	March 31, 2023
Profit from continuing operations before income tax expense	616	(101)
Tax at the of 29.182% (March 31, 2023: 27.82%)	179	(28)
Effects of:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Permanent Differences	1	4
10AA deduction / (reversal) during tax holiday period	(91)	17
Impairment of investment	-	74
Adjustments pertaining to prior years	-	7
Others	7	(14)
Total tax expense/(income)	**96**	**60**

C. Movemnet in deferred tax assets / (liabilities)

Particulars	Depreciation and amortisation	Carried forward tax losses and unabsorbed depreciation	Impairment of loss on Investment	Provisions allowed on payment basis & Others	MAT credit entitlement	Total
As at April 1, 2022	**(72)**	**56**	**64**	**61**	**98**	**207**
(Charged) / Credited:						
- to profit and loss	11	(56)	(64)	61	-	**(48)**
- to other comprehensive income	-	-	-	(2)	-	**(2)**
- MAT credit utilisation	-	-	-	-	(3)	**(3)**
Net Deferred Tax Asset as at March 31, 2023	**(61)**	**-**	**-**	**120**	**95**	**154**
(Charged) / Credited:						
- to profit and loss	11	-	-	7	-	**18**
- to other comprehensive income	-	-	-	-	-	**-**
- MAT credit utilisation	-	-	-	-	(0)	**(0)**
Net Deferred Tax Asset as at March 31, 2024	**(50)**	-	-	**127**	**95**	**172**

D. Unutilised MAT credit of ₹95 (March 31, 2023: ₹95) expires between 2029 and 2038

Taxation:

(a) Transfer pricing:

For the year ended March 31, 2024, the Company will be carrying out a study to comply with transfer pricing regulations for which the prescribed certificate of Accountant will be obtained. In the opinion of management, no adjustment is expected to arise on completion of Transfer Pricing Study.

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AeroStructures Manufacturing India Pvt. Ltd

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

		Year ended March 31, 2024	Year ended March 31, 2023
16	**Revenue from operations**		
	Revenue from contracts with customers		
	- Sale of products		
	Manufactured goods	4,409	3,464
		4,409	**3,464**
	Other operating revenue		
	Scrap sales	189	148
		189	**148**
	Total revenue from operations	**4,598**	**3,612**
17	**Other income**		
	Liabilities no longer required written back	6	9
	Miscellaneous Income	1	-
	Net gain on foreign currency transactions	18	57
	Interest income from financial asset at amortised cost	36	-
	Unwinding of discount on security deposit	3	-
	Guarantee commission income	27	-
		91	**66**
18	**Cost of materials consumed**		
	Opening stock	781	422
	Provision for slow moving inventory	(47)	(26)
	Opening stock (net) (a)	734	396
	Purchases during the year (b)	2,150	2,098
	Closing stock	988	781
	Provision for slow moving inventory	(63)	(47)
	Closing stock (net) (c)	925	734
	Cost of raw materials consumed	**1,959**	**1,760**
19	**Changes in inventories of work in progress and finished goods**		
	Inventory at the end of the year (a)		
	Work-in-progress	514	460
	Finished goods	446	335
	Provision for slow moving inventory	(34)	(37)
		926	758
	Inventory at the beginning of the year (b)		
	Work-in-progress	460	315
	Finished goods	335	233
	Provision for slow moving inventory	(37)	(18)
		758	530
	Change in inventories of work in progress and finished goods	**(168)**	**(228)**
20	**Employee benefit expenses**		
	Salaries, wages and bonus	351	317
	Contribution to provident and other funds	16	16
	Employee stock option Expense	1	2
	Gratuity (refer note 12(iii))	11	11
	Staff welfare expenses	10	17
		389	**363**
21	**Depreciation and amortisation expense**		
	Depreciation of property, plant and equipment [Refer note 4(i)]	91	86
	Amortisation of intangible assets [Refer note 5(i)]	36	33
	Depreciation on Right-of-use assets [Refer note 4(ii)]	256	264
		383	**383**

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AeroStructures Manufacturing India Pvt. Ltd

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

		Year ended March 31, 2024	Year ended March 31, 2023
22	**Other expenses**		
	Consumption of stores and spares	236	176
	Subcontracting expenses	544	439
	Freight and forwarding	66	60
	Power and fuel	109	101
	Repairs and maintenance		
	Machinery	41	43
	Building	5	5
	Others	42	40
	Legal and professional fees	20	19
	Payment to auditors [refer note (i) below]	2	2
	Rental charges	4	5
	Printing and stationery	2	2
	Insurance	23	23
	Rates and taxes	3	2
	Travelling and conveyance	6	8
	Communication	21	13
	Management service fee	33	38
	Royalty fee	-	59
	Miscellaneous expenses	12	0
	Bank charges	17	8
	Advertisement and business promotion expenses	53	43
		1,239	**1,086**
	Notes :		
	(i) Payments to auditors		
	As auditor:		
	- Audit fee	2	2
	- Reimbursement of expenses	0	0
		2	**2**
23	**Finance cost**		
	Interest expense on borrowings	134	109
	Interest on lease liabilities	77	65
	Net loss on foreign currency transactions (related to borrowings & lease)	23	132
	Guarantee commission expense	31	27
	Interest on income tax	8	1
	Interest income from financial asset at amortised cost	-	(54)
	Unwinding of discount on security deposit	-	(3)
	Guarantee commission income	-	(10)
		273	**267**
24	**Net impairment on financial assets**		
	Loss allowance on trade receivables(Refer note 27)	(2)	(8)
		(2)	**(8)**
25	**Exceptional items**		
	Impairment loss of investments	-	37
	Provision for doubtful intercompany receivables	-	119
		-	**156**

Notes:

Provision for doubtful intercompany receivables Rs. 0 (March 31, 2023: Rs. 119) represents amount recoverable from AABV , an associate of the company .

During the year ended March 31, 2024 and March 31, 2023 the Company has considered indicators of impairment of investment in aerospace business, such as decline in operational performance or changes in the outlook of future profitability or weaker market conditions, among other potential indicators.

Based on such assessment, the Company recognised an impairment loss charge during the year of ₹ 0 (March 31,2023: ₹ 37) with respect to investment in AABV, an associate of the Company and other receivables aggregating to ₹ 0 (March 31,2023: 119) from the associate.

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

26 Fair value measurement

Financial instruments by category

	Level	Category	March 31, 2024	March 31, 2023
Financial assets				
Loan	-	Amortised cost	349	487
Investments	-	Refer Note (v) below	755	755
Trade receivables	-	Amortised cost	1,097	825
Cash and cash equivalents	-	Amortised cost	1	83
Other financial assets	-	Amortised cost	78	85
Other bank balances	-	Amortised cost	4	20
Total financial assets			**2,284**	**2,256**
Financial liabilities				
Borrowings (including current maturities)	-	Amortised cost	1,475	1,643
Trade payables	-	Amortised cost	1,056	1,092
Financial guarantee liability	-	Amortised cost	-	27
Other financial liability	-	Amortised cost	39	24
Lease liabilities	-	Amortised cost	1,243	1,441
Total financial liabilities			**3,812**	**4,228**

There are no financial instruments which are measured at FVTPL & 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 amortised cost and for which fair values are disclosed in the financial statements.

(b)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 (such as over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(ii) Valuation technique used for fair valuation

Specific valuation technique used to value financial instruments include:

- The fair value of financial instruments is determined using discounted cash flow analysis.

(iii) 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.

(iv) Fair value of financial assets and liabilities measured at amortized 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 the short-term maturities of these instruments.

(v)Investments

The Company accounts the investments in equity shares of subsidiaries and others at cost in accordance with Ind AS 27. These investments are tested for impairment annually, accordingly these investments are not considered for categorisation.

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AeroStructures Manufacturing India Pvt. Ltd

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

27 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;

	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

(i) Credit risk management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group usually deals with creditworthy counterparties and obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored.

1) Loans and deposits :

Deposits are 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) 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 for 3 month approximately.

Reconciliation of loss allowance provision - Trade receivables

	Amount
Loss allowance as on April 1, 2022	**11**
Loss allowance utilised during the year	(1)
Charged to profit and loss	(8)
Loss allowance as on March 31, 2023	**2**
Loss allowance utilised during the year	-
Charged to profit and loss	(2)
Loss allowance as on March 31, 2024	0

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 from banks at the end of the reporting period:

	March 31, 2024	March 31, 2023
Floating rate		
A. Expiring within one year (bank overdraft and other facilities)	330	179
B. Expiring beyond one year (bank loans)	-	-
	330	**179**

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27 Financial risk management (continued)

(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 1 year	1 to 5 years	More than 5 years	Total
As at March 31, 2024				
Non-derivatives				
Borrowings (includes accrued interest)	1,340	135	-	1,475
Trade payables	1,056	-	-	1,056
Other financial liabilities	43	-	-	43
Lease liabilities	310	863	251	1,424
Total Non derivative liabilities	**2,749**	**998**	**251**	**3,997**

Contractual maturities of financial liabilities	Less than 1 year	1 to 5 years	More than 5 years	Total
As at March 31, 2023				
Non-derivatives				
Borrowings	1,414	229	-	1,643
Trade payables	1,092	-	-	1,092
Guarantee liability	9	18	-	27
Other financial liabilities	28	-	-	28
Lease liabilities	258	1,084	334	1,676
Total Non derivative liabilities	**2,907**	**1,592**	**334**	**4,834**

Note: Apart from the above, the Company had also given financial guarantees to bank in respect of loans availed by the related parties [Refer Note 28]. All such loans on which company had given financial guarantee are closed and as on March 2024 company do not have any guarantee liability.

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. Further, any additional exposure is continuously monitored and hedging options like forward contracts shall be 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 INR as against respective foreign currency are as follows.

	March 31, 2024			
	INR in millions			
	GBP	USD	EUR	AED
Financial asset				
Trade receivable		1,426	2	-
Loans to related party		312		
Interest accrued on loan to related party	-	37	-	-
Exposure to foreign currency risk (assets)	**-**	**1,775**	**2**	**-**
Financial liability				
Trade payables	6	495	40	0
Lease liabilities	-	-	766	-
Working capital facilities	-	1,100	-	-
Exposure to foreign currency risk (liabilities)	**6**	**1,595**	**806**	**0**
Net exposure to foreign currency risk	**(6)**	**180**	**(803)**	**(0)**

	March 31, 2023		
	GBP	USD	EUR
Financial asset			
Trade receivable	1	825	1
Loans to related party	-	255	-
Interest accrued on loan to related party	-	63	-
Net exposure to foreign currency risk (assets)	**1**	**1,142**	**1**
Financial liability			
Lease liabilities	-	-	913
Working capital facilities	-	563	-
Exposure to foreign currency risk (liabilities)	**-**	**563**	**913**
Net exposure to foreign currency risk	**1**	**579**	**(912)**

Aerostructures Manufacturing India Pvt. Ltd

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

27 Financial risk management (continued)

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

	Impact on profit after tax	
	March 31, 2024	March 31, 2023
USD Sensitivity		
INR/USD - Increase by 5%	6	21
INR/USD - decrease by 5%	(6)	(21)
EUR Sensitivity		
INR/EUR - Increase by 5%	(29)	(33)
INR/EUR - decrease by 5%	29	33

27 Financial risk management (continued)

(ii) Cash flow and fair value interest rate risk

(a) Interest rate risk exposure

The exposure of company's borrowings to the interest rate changes at the end of the reporting period are included in the table below.

Particulars	March 31, 2024	March 31, 2023
Variable rate borrowings	1,475	1,643
Fixed rate borrowings	1,242	1,441
Total borrowings (including lease liabilities)	**2,717**	**3,084**

(b) Sensitivity

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, 2024	March 31, 2023
Interest rates - increase by 50 basis points	(5)	(6)
Interest rates - decrease by 50 basis points	5	6

(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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AeroStructures Manufacturing India Pvt. Ltd

28 Related party disclosures

Name of related parties and their relationship

Name of related parties where control exists.

Relationship	Name of the related party
Ultimate Holding Company	: Aequs Inc., Cayman Islands*
Holding Company	: Aequs Private Limited ('APL')
Subsidiaries	: Aequs Aerospace LLC ('AALLC'), USA
Step down subsidiary	: Aequs Aero Machine Inc. ('AAM'), USA

Names of other related parties with whom transactions have taken place during the year.

Relationship	Name of the related party
Associate	: Aequs Aerospace BV ('AABV'), Netherlands
Subsidaries	: Aequs Aerospace LLC (AALLC)
Fellow subsidaries	: Aequs Manufacturing Holdings Private Limited (AMHPL)
	: Aerostructures Assemblies India Prvate Limited (AAI)
	: Aequs Oil & Gas LLC (AOGLLC)
	: Aequs Engineered Plastics Private Ltd (AEPPL)
	: Aequs Force Consumers Private Limited(AFC)
	: Aequs Consumers Products Private Limited(ACPPL)
	: Aequs Toys Private Limited(ATPL)
	: Aequs Material Management Prvate. Limited. (AMM)
	: Koppal Toys Molding COE Private Ltd(KTMPL)
	: Koppal Toys Tooling COE Private Ltd(KTTCPL) (Slum sold to AFC w.e.f 29 February 2024)
	: Aequs Toys HongKong Pvt. Ltd. (ATHPL)
	: Aequs Force Technology Co. Ltd. (AFTCL)
	: Aequs Home Appliances Pvt. Ltd. (AHAPL)
	: Aequs Rajas Extrusion Private Limited(AREPL)
Step-down subsidiaries	: Aequs Aero Machine Inc. (AAM)
Step-down associates	: Aequs Holding France SAS (AHF)
	: Aequs Aerospace France SAS (AAF SAS)
Joint ventures of holding company	: SQuAD Forging India Private Limited ('SQuAD')
	: Aerospace Processing India Private Limited ('API')
Enterprises in which individuals owning interest in the Company, or their relatives have control or significant influence	: Aequs SEZ Private Limited ('ASEZ')
	: Automotive End Solution Private Limited (AESPL) (Formerly, Aequs Automotive Private Limited ('AAPL')
	: Industrial Knowledge Center Private Limited (IKC)
	: Huballi Durable Goods Consumer Limited(HDGCPL)
	: Aequs Limited, Malta, (ALM)
	: MFRE Estate Pvt. Ltd (MFREEPL)
	: Aequs Foundation(AF)
	: Altum Trust
	: MFRE Trust
	: Quest Global Engineering Services Private Limited (QGEPL)
Key Management Personnel of the company**	: Mr. Shirish Ganamukhi, Director
	: Mr. Dinesh Iyer, Director
	: Mr. Ravi Hugar, Company Secretary

* Aequs Inc. is 100% beneficially owned and controlled by the Melligiri Foundation.

** No transactions during the year. The Company is cross charged by its holding company for remuneration paid to the KMP.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Aerostructures Manufacturing India Pvt. Ltd. *

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

A. Transactions with related parties

Name	Nature of transactions	March 31, 2024	March 31, 2023
AMHPL	Expenses incurred on behalf of related entity	0	0
	Expense incurred by related party	-	0
APL	Sale of goods	0	0
	Communication cost	25	22
	Expense incurred by related party	109	95
	Expense incurred on behalf of related party	7	-
	Employee stock option Expense	1	2
	Subcontracting expense	6	8
	Purchase of goods	0	1
	Fair value of the guarantee taken	29	29
	Interest Income	9	20
	Sale of services	0	-
	Financial guarantee expenses	29	1
	Unsecured loan given	60	395
	Loan repaid by related party	239	245
AESPL	Expenses incurred on behalf of related entity	0	0
AALLC	Interest income	26	22
AABV	Expenses incurred on behalf of related entity	-	20
	Financial guarantee income	14	6
	Impairment of Investments	-	37
	Impairment of recoverables from related entity	-	118
ASEZ	Services received	158	145
	Repayment of Lease Liability	52	58
	Interest on lease liability	53	40
	Expenses incurred on behalf of related entity	3	5
	Electricity deposits made	4	-
	Loan repaid by related party	-	60
	Interest on above loan given	-	4
	Fair value of the guarantee taken	3	1
	Financial guarantee expenses	1	1
	Expense incurred by related party	0	2
ATPL	Expenses incurred on behalf of related entity	1	1
	Financial gurantee given	0	13
	Finncial guarantee income	12	1
AAF SAS	Advertisement and business promotion expenses	48	44
SQuAD	Sale of services		9
	Expenses incurred on behalf of related entity	0	1
	Financial guarantee income	0	3
	Purchase of goods	0	-
	Subcontracting expenses	0	0
AAM	Sales of goods	606	275
	Purchase of goods and consumables	66	37
	Expense incurred by related party	-	1

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

A. Transactions with related parties (continued)

Name	Nature of transactions	March 31, 2024	March 31, 2023
AAI	Purchase of Goods	0	0
	Expenses incurred on behalf of related entity	1	1
	Sale of goods	7	3
	Subcontracting Expenses	6	1
AEPPL	Expenses incurred on behalf of related entity	0	1
	Interest income on unsecured loan given	-	6
	Unsecured loan given	-	5
	Loan repaid by related party	-	55
ACPPL	Expenses incurred on behalf of related entity	1	2
	Sale of goods	0	-
	Sale of scrap	0	-
AFC	Expenses incurred on behalf of related entity	0	0
API	Subcontracting expenses	255	198
	Expenses incurred on behalf of related entity	0	0
	Expense incurred by related entity	-	0
IKC	Subcontracting expenses	32	31
	Expenses incurred on behalf of related entity	0	0
QGEPL	Legal and professional fees	3	3
Aequs Rajas	Expenses incurred on behalf of related entity	0	0
HDGCPL	Expenses incurred on behalf of related entity	0	0
KTCPL	Expenses incurred on behalf of related entity	-	-
KTMCPL	Expenses incurred on behalf of related entity	0	0
KTTCPL	Expenses incurred on behalf of related entity	0	0
ALM	Royalty expenses	-	59
MFREEPL	Expenses incurred on behalf of related entity	0	0
	Fair value of the guarantee taken	-	-
	Financial guarantee expense	-	0
ACBPL	Expense incurred on behalf of related entity	-	0
AFTPL	Expense incurred on behalf of related entity	-	0
AHAPL	Expense incurred on behalf of related entity	-	0
Altum Trust	Expense incurred on behalf of related entity	0	-
Aequs Foundation	Expenses incurred on behalf of related entity	0	0
MFRE Trust	Expenses incurred on behalf of related entity	1	0
	Financial guarantee expense	1	-

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

B. Balances

Name	Nature of transactions	March 31, 2024	March 31, 2023
APL	Trade payables	2	7
	Trade receivables	0	0
	Advance to related party	-	-
	Unsecured loan given	-	150
	Interest receivable on loan given to related entity	-	20
	Dues to related parties	4	0
	Dues from related parties	0	-
	Deferred financial guarantee	15	16
AESPL	Dues from related parties	1	1
AMHPL	Dues from related parties	-	2
AALLC	Unsecured loan given	258	255
	Interest accrued on above loan	91	63
	Investments in equity instrument	887	887
	Impairment of Investments in equity instrument	132	132
AABV	Investments in equity instrument	203	203
	Guarantee liability	-	14
	Dues from related parties	118	118
	Impairment of dues from related parties	118	118
	Impairment of Investments in equity instrument	203	203
ASEZ	Trade payables	10	17
	Deposits	90	86
	Deferred financial guarantee	2	0
	Unsecured loan given	-	-
	Interest receivable on unsecured loan given	-	0
	Dues to related parties	0	0
	Dues from related parties	0	1
	Lease liability	476	528
AAF SAS	Trade payables	8	9
AAM	Trade payables	43	9
	Trade receivables	266	190
SQuAD	Trade receivables	-	12
	Trade Payables	0	0
	Guarantee liability	-	0
	Dues from related parties	0	0
	Dues to related parties	-	-
AAI	Dues from related parties	-	0
	Trade receivables	1	1
	Trade payables	1	1
AEPPL	Dues from related parties	0	0
AFC	Dues from related parties	0	0

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AeroStructures Manufacturing India Pvt. Ltd

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

B. Balances (continued)

Name	Nature of transactions	March 31, 2024	March 31, 2023
ACPPL	Dues from related parties	4	3
	Dues to related parties	-	1
	Trade receivables	1	-
API	Trade payables	68	51
	Dues from related parties	0	-
IKC	Dues from related parties	0	0
	Trade Payables	0	0
QGEPL	Trade Payables	0	0
Aequs Limited Malta	Trade Payables	56	56
HDGCPL	Dues from related parties	0	0
MFREEPL	Dues from related parties	0	0
	Deferred financial guarantee	0	1
Aequs foundation	Dues from related parties	0	0
	Trade receivables	0	0
MFRE Trust	Dues from related parties	2	2
ACBPL	Dues from related parties	-	0
AFTPL	Dues from related parties	-	0
AHAPL	Dues from related parties	-	0
AMMPL	Dues from related parties	-	0
ATPL	Dues from related parties	0	0
	Guarantee liability	-	12
AREPL	Dues from related parties	0	-
Altum	Dues from related parties	0	-
KTMPL	Dues from related parties	0	-
KTTPL	Dues from related parties	0	-

Notes:

(i) An amount of ₹11 (March 31, 2023: ₹7) has been cross charged by Aequs Private Ltd, the holding company, towards managerial remuneration of key managerial personnel.

(ii) Mr. Arvind Melligeri, Director of Aequs Private Ltd, the holding company has issued personal guarantee towards securing various working capital facilities and term loan obtained by the Company. Refer note 13

(iii) Loan given to AALLC is covered by a letter of comfort given by APL.

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AeroStructures Manufacturing India Pvt. Ltd

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

29 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

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

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

(i) The below table depicts the company's net debt to equity ratio.

Particulars	March 31, 2024	March 31, 2023
Net debt	2,716	3,001
Total equity	2,102	1,552
Net debt to equity ratio	1.29	1.93

The Net debt to equity ratio for the current year decreased from 1.93 to 1.27 is due to increase in retained earnings (part of total equity) as a result of profit earned during the year. Also due to decrease of net debt as no new debt has been raised.

30 Contingent liabilities

	March 31, 2024	March 31, 2023
Labour related matters	38	33
Tax matters	39	39

31 Commitments

(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account net of advances and not provided for:		
(i) Property, plant and equipment	77	110
	77	**110**

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32 Additional regulatory information required by Schedule III

(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 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

(iii) Wilful defaulter:
The Company has not been declared wilful 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 has complied with the number of layers prescribed under the Companies Act, 2013.

(vi) 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. Also, refer note 39

(vii) Intermediary transactions:
(a) The Company has not advanced or loaned or invested funds in other entities (Intermediaries) including foreign entities during the year ended March 31, 2024 with the understanding (whether recorded in writing or otherwise) that the entity 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 have 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 company (Ultimate Beneficiaries), or

(b) Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(viii) 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.

(ix) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(x) 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

(xi) The Company does not own any immovable properties.

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

(xiii) The Company was not required to recognise any provision as at March 31, 2024 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long term contracts and derivative contracts as at March 31, 2024.

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

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Aerostructures Manufacturing India Pvt. Ltd

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

33 Segment information

(a) Description of segments and principal activities.

The Company is primarily engaged in business of contract manufacturing machined parts used in aerospace sector. The Company's Chief Operating Decision Maker (CODM) is identified to be the Director 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.

The Company is domiciled in India. The amount of its revenue from customers specified by location of customers are presented in the below table:

	March 31, 2024	March 31, 2023
Revenue from operations		
Asia & Middle East	735	548
America	1,396	1,023
Europe	2,467	2,041
	4,598	**3,612**

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

	March 31, 2024	March 31, 2023
Segment results	1,272	705

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

(b) Revenue from major customers are as follows:

	March 31, 2024		March 31, 2023	
Customer	**Revenue**	**% of total revenue**	**Revenue**	**% of total revenue**
Customer 1	1,812	39%	1,851	51%
Customer 2	1,011	22%	858	24%

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AeroStructures Manufacturing India Pvt. Ltd

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

34 Financial Ratios

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% Variance	Reason for Variance
Current Ratio (times)	Current Assets	Current Liabilities	1.21	0.97	24%	Note 8
Debt-Equity Ratio (times)	Borrowings including lease liabilities	Equity	1.29	1.99	-35%	Note 2
Debt Service Coverage Ratio (times)	Earnings available for debt service	Debt Service	1.71	1.08	58%	Note 3
Return on Equity Ratio (%)	Profit After tax	Average Equity	0.28	(0.10)	-386%	Note 4
Inventory Turnover Ratio (times)	Sales (revenue from operations)	Average Inventory	2.72	2.95	-8%	Note 1
Trade Receivables Turnover Ratio (times)	Sales (revenue from operations)	Average receivables	4.78	5.11	-6%	Note 1
Trade Payable Turnover Ratio (times)	Purchase of Goods & Other expenses	Average Trade payables	3.16	3.45	-8%	Note 1
Net Capital Turnover Ratio (times)	Sales (revenue from operations)	Working Capital	7.83	(44.26)	-118%	Note 7
Net Profit Ratio (%)	Profit after tax	Sales (revenue from operations)	0.11	(0.04)	-354%	Note 5
Return on Capital Employed (%)	Profit before income tax	Tangible Net Worth + Total Debt + Deferred Tax Liability	0.19	0.07	163%	Note 6

Notes:

1. Reason for variances less than 25% is not required to be provided, as exempted by Schedule III of the Act.
2. Decrease in Debt-Equity ratio is due to increase in equity (due to increase in profit) and reduction in debt during the year.
3. Improvement in Debt Service Coverage ratio is due to increase in earnings available for Debt Service.
4. Improvement in Return on Equity ratio is due to increase in profit after tax.
5. Improvement in Net Profit Ratio is due to increase in revenue and profit.
6. Improvement in Return on Capital Employed ratio is due to increase in earnings before interest and tax.
7. Increase in turnover and better working capital during the current year.
8. Increase in current ratio is due to increase in current assets and decrease in current liabilities.

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BSR & Co. LLP

Aerostructures Manufacturing India Pvt. Ltd

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

	March 31, 2024	March 31, 2023
35 Earnings per share		
(a) Basic Earnings per share [₹]	10.67	(3.29)
(b) (Loss)/ Profit attributable to the equity share holders	519	(161)
(c) Weighted average number of equity shares of ₹10 each	48,642,438	48,642,438

Note: There is no dilution to the basic earnings per share as there are no dilutive potential equity shares.

36 Dues to micro and small enterprises

The Company has a process of identifying Micro, Small and Medium Enterprises (MSME), as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), by requesting vendor confirmation to the letters circulated by the Company. Disclosures of dues/payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Company, based on the responses received from vendors against request for confirmations:

	March 31, 2024	March 31, 2023
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	3	0
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0	0
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	7	13
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0	0
(vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	-	0
(vii) Further interest remaining due and payable for earlier years	-	-

37 Assets pledged as security

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

	March 31, 2024	March 31, 2023
Current		
A. Financial assets:		
- Trade receivables	1,097	825
- Cash & cash equivalents	-	-
- Other bank balances	4	20
B. Non financial assets:		
- Inventories	1,872	1,513
- Other current assets	78	43
Total current assets pledged as security	**3,051**	**2,402**
Non current		
A. Non financial assets:		
- Plant and machinery	1,180	1,379
- Computer equipment	7	9
- Office equipment	3	4
- Furniture and fittings	-	-
-Other non current assets	-	-
B. Financial Assets		
- other financial assets	71	64
Total non-current assets pledged as security	**1,261**	**1,455**
Total assets pledged as security	**4,311**	**3,857**

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AeroStructures Manufacturing India Pvt. Ltd

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

38 Net debt reconciliation:

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented:

	March 31, 2024	March 31, 2023
Current borrowings	(1,205)	(1,270)
Non-current borrowings	(270)	(373)
Lease liabilities	(1,243)	(1,441)
Net debt	**(2,718)**	**(3,084)**

	Liabilities from financing activities			Total
	Lease obligations	Non-current borrowings	Current borrowings	
Net debt as on April 01, 2022	**(1,265)**	**(507)**	**(1,005)**	**(2,776)**
Acquisition of leases/ borrowings	(288)	-	(266)	(554)
Foreign exchange adjustments	(49)	-	1	(48)
Repayments	160	137	-	297
Other non-cash adjustment	-	(3)	-	(3)
Interest expense	(65)	(39)	(66)	(170)
Interest paid	65	39	66	170
Net debt as on March 31, 2023	**(1,441)**	**(373)**	**(1,270)**	**(3,084)**
Acquisition of leases/borrowings	-	(35)	-	(35)
Foreign exchange adjustments	14	-	(4)	10
Repayments	184	141	69	394
Other non-cash adjustment	-	(2)	-	(2)
Interest expense	(77)	(30)	(104)	(211)
Interest paid	77	30	104	211
Net debt as on March 31, 2024	**(1,243)**	**(270)**	**(1,205)**	**(2,718)**

39 Events after balance sheet date:

The Company, vide its board resolution dated July 16, 2024, has approved a scheme of amalgamation (the scheme) with its Holding Company, Aequs Private Limited. As of the date of adoption of these financial statements, the Scheme and the related petition are yet to be filed with requisite authorities, and necessary approvals are still pending.

Upon receiving the requisite approvals and completing all formalities associated with the merger, the Company will be subsumed into the Holding Company and will cease to exist as a separate legal entity.

40 The financial statements were approved for issue by the Board of Directors on September 24, 2024.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No : 060573
Place: Chennai
Date: September 25, 2024

For and on behalf of the Board of Directors of
AeroStructures Manufacturing India Private Limited

Dinesh Iyer
Director
DIN: 09515485
Place: Belagavi
Date: September 25, 2024

Shirish Ganamukhi
Director
DIN: 09246883
Place: Belagavi
Date: September 25, 2024

Ravi Hugar
Company Secretary
M. No : A20823
Place: Belagavi
Date: September 25, 2024