Independent Auditor's Report

To the Members of AeroStructures Manufacturing India Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of AeroStructures Manufacturing India Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

4. We draw your attention to Note 42 in the financial statements regarding the amounts paid by the Company directly to a bank in India on behalf of a foreign associate entity, aggregating to Rs. 118 million (which has been fully impaired) as at March 31, 2023, for which the Company has given a guarantee in an earlier year. Subsequent to the year end, the Company has intimated these transactions to the Authorised Dealer Bank and sought guidance on implications, if any, under The Foreign Exchange Management Act, for which response is awaited.

   Our opinion is not modified in respect of the above matter.

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Other Information

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

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

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

   We have nothing to report in this regard.

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

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. 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.

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9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. 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 management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

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

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

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

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

(f) 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 A".

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;

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

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

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 35 to the financial statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 35 to the financial statements); and

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

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

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

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

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

Sharmila Ramaswamy
Partner
Membership Number: 215131
UDIN: 23215131BGYBUR1465

Place: Bengaluru
Date: August 11, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of AeroStructures Manufacturing India Private Limited on the financial statements as of and for the year ended March 31, 2023
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Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of AeroStructures Manufacturing India Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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Annexure A to Independent Auditor's Report

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of AeroStructures Manufacturing India Private Limited on the financial statements as of and for the year ended March 31, 2023

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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

7. 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.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

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

Sharmila Ramaswamy
Partner
Membership Number: 215131
UDIN: 23215131BGYBUR1465

Place: Bengaluru
Date: August 11, 2023

Annexure B to Independent Auditors' Report

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

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

(b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

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

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

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

ii. (a) The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are not in agreement with the unaudited books of account as set out below. Also refer note 13(i) to the financial statements.

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Annexure B to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of AeroStructures Manufacturing India Private Limited on the financial statements as of and for the year ended March 31, 2023

Name of the Banks	Aggregate working capital limits sanctioned (Rs. millions)	Nature of Current Asset offered as Security	Quarter ended	Amount disclosed as per quarterly return/ statement (Rs. millions)	Amount as per books of account (Rs. millions)	Difference (Rs. millions)	Reasons for difference
Axis and HDFC Bank	1,450	Inventories	30-Jun-22	1,047	984	(63)	Note (a) below
		Inventories	30-Sep-22	1,123	991	(132)	
		Inventories	31-Dec-22	1,307	1,206	(101)	
		Inventories	31-Mar-23	1,564	1,513	(51)	Note (b) below
		Trade receivables	30-Sep-22	589	588	(1)	Note (c) below
		Trade receivables	31-Dec-22	651	650	(1)	
		Trade receivables	31-Mar-23	667	624	(43)	

(a) Represents provision for slow moving inventory made as per books of account.
(b) Represents provision for slow moving inventory and year-end valuation related adjustments made in the books of account.
(c) Represents adjustments made by the Company post submission of information to the bank.
(d) Trade receivables balance excludes amount receivable from related parties

iii. (a) The Company has made investments in two companies which are entities incorporated outside India, granted loans/advances in nature of loans to five companies and stood guarantee to three companies. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans, advances in nature of loans and guarantees to associates and to parties other than subsidiary and associate are as per the table given below:

	Guarantees (Rs. millions)	Loans (Rs. millions)	Advances in nature of loans (Rs. millions)
Aggregate amount granted/ provided during the year			
- Associate	-	-	20
- Others	300	400	-
Balance outstanding as a balance sheet date in respect of the above case			
- Associate	-	-	20
- Others	300	170	-

(Also refer notes 6 (ii), 6 (vi) and 13 (iii) to the financial statements)

(b) In respect of the aforesaid guarantees, loans and advances in nature of loan, the terms, and conditions under which such loans were granted/investments were made/guarantees provided/security provided are not prejudicial to the Company's interest.

(c) In respect of loan granted by the Company in the prior years to subsidiary and outstanding as at year end amounting to Rs. 209 million, the schedule of repayment of principal and payment of interest has been stipulated, and the loan including interest is not yet due as per the terms agreed.

In respect of loan granted by the Company in the prior years to subsidiary and outstanding as at year end amounting to Rs. 109 million and loan granted by the Company during the year to the holding Company and outstanding as at the year end amounting to Rs. 170 million, no schedule for repayment of principal and payment of interest has been stipulated by the Company as the loans are repayable on demand. Therefore, we are unable to comment on the regularity of repayment of principal and payment of interest.

In respect of aforesaid advances in nature of loans given to other related parties and outstanding as at year end amounting to Rs. 118 million, no schedule for repayment of principal has been stipulated by the Company and there is no interest stipulated as per the terms of such advances in the nature of loans. Therefore, we are unable to comment on the regularity of repayment of principal and payment of interest.

(d) In respect of the loans/advances in nature of loans, there is no amount which is overdue for more than ninety days. (Also, refer note 42 to the financial statements)

(e) There were no loans /advances in nature of loans which fell due during the year and were renewed/extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/advances in nature of loan.

(f) Following loans/advances in nature of loans were granted during the year, including to promoters/related parties under Section 2(76) where no schedule for repayment of principal and payment of interest has been stipulated by the Company.

	Promoters Rs. Millions	Related Parties Rs. Millions
Aggregate of loans/advances in nature of loan		
- Repayable on demand	395	5
- Agreement does not specify any terms or period of repayment		20
Percentage of loans/advances in nature of loan to the total loans granted during the year	94%	6%

(Also refer notes 6 (ii) and 6 (vi) to the financial statements)

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made and guarantees and security provided by it.

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

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 32 to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	8	Assessment Year 2020-21	Commissioner of Income Tax – (Appeals)

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

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

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

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

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

(e) According to the information and explanations given to us and 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 subsidiary or associates.

(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 subsidiary, or associate company.

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

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

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

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

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

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xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditor for the period under audit have been considered by us.

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

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

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

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

(d) Based on the information and explanations provided by the management of the Company, the Group has 1 CIC as part of the Group as detailed in note 35(xiv) to the financial statements. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

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

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

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer note 37 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

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

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

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

Sharmila Ramaswamy
Partner
Membership Number: 215131
UDIN: 23215131BGYBUR1465

Place: Bengaluru
Date: August 11, 2023

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 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4(i)	275	319
Right of use assets	4(ii)	1,592	1,545
Capital work in progress	4(iii)	-	8
Intangible assets	5(i)	100	119
Intangible assets under development	5(ii)	4	3
Financial assets			
Investments	6(i)	755	792
Loans	6(ii)	209	272
Other financial assets	6(vi)	64	176
Deferred tax assets	8(i)	154	207
Other non-current assets	7(i)	9	18
Total non-current assets		**3,162**	**3,459**
Current assets			
Inventories	9(i)	1,513	938
Financial assets			
Trade receivables	6(iii)	825	590
Cash and cash equivalents	6(iv)	83	49
Bank balances other than above	6(v)	20	13
Loans	6(ii)	278	111
Other financial assets	6(vi)	21	192
Other current assets	7(i)	43	55
Total current assets		**2,783**	**1,947**
Total assets		**5,945**	**5,406**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	487	487
Other equity			
Reserves and surplus	11(i)	900	1,055
Other reserves	11(ii)	165	147
Total equity		**1,552**	**1,689**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	13(i)	229	368
Lease liabilities	14(iii)	1,238	1,104
Other financial liabilities	13(iii)	18	17
Employee benefit obligations	12(i)	43	43
Total non current liabilities		**1,528**	**1,532**
Current liabilities			
Financial liabilities			
Borrowings	13(i)	1,414	1,144
Lease liabilities	14(iii)	204	161
Trade payables			
(a) Total outstanding dues of micro and small enterprises	13(ii)	-	0
(b) Total outstanding dues other than (a) above	13(ii)	1,092	757
Other financial liabilities	13(iii)	33	88
Contract liabilities	13(iv)	85	1
Employee benefit obligations	12(i)	20	19
Current tax liabilities	14(ii)	9	-
Other current liabilities	14(i)	8	15
Total current liabilities		**2,865**	**2,185**
Total liabilities		**4,393**	**3,717**
Total equity and liabilities		**5,945**	**5,406**

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

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

Sharmila Ramaswamy
Partner
Membership No.: 215131
Place: Bengaluru
Date: August 11, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
DIN: 09515485
Place: Belagavi
Date: August 11, 2023

Shirish Ganamukhi
Director
DIN: 09246883

Ravi Hugar
Company Secretary
M. No.: A20823

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 2023	Year ended March 31, 2022
Income			
Revenue from operations	16	3,612	2,490
Other income	17	9	16
Other gains/(losses)- net	18	57	18
Total income (A)		**3,678**	**2,524**
Expenses			
Cost of materials consumed	20	1,760	1,004
Changes in inventories of work in progress and finished goods	21	(228)	(1)
Employee benefit expenses	22	363	313
Net impairment losses on financial assets	26	(8)	(3)
Other expenses	24	1,086	776
Total cost (B)		**2,973**	**2,090**
Earnings before interest, tax, depreciation and amortisation (A-B)		**705**	**434**
Depreciation and amortisation expense	23	383	363
Finance income	19	(67)	(42)
Finance cost	25	334	176
Total depreciation and amortisation expense and net finance cost		**650**	**497**
Profit/(loss) before exceptional items and tax		**55**	**(62)**
Exceptional items	27	156	68
Profit /(Loss) before tax		**(101)**	**(130)**
Income tax expense			
- Current tax	15	12	-
- MAT credit entitlement		-	-
- Deferred tax (credit)/ charge	15	48	(33)
Total tax expense		**60**	**(33)**
Profit /(Loss) for the year		**(161)**	**(97)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		7	5
- Income tax relating to these items		(2)	(1)
Other comprehensive income / (loss) for the year, net of tax		**5**	**4**
Total comprehensive income / (loss) for the year		**(156)**	**(93)**
Basic Earnings/ (Loss) per equity share: [Nominal value per share: ₹10 (2022: ₹10)]	38	(3.29)	(1.98)

The above Statement of profit and loss should be read in conjunction with the accompanying notes.

This is the Statement of profit and loss referred to in our report of even date.

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

Sharmila Ramaswamy
Partner
Membership No.: 215131
Place: Bengaluru
Date: August 11, 2023

For and on behalf of the Board of Directors

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Company Secretary
M. No.: A20823

Place: Belagavi
Date: August 11, 2023

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, 2023	Year ended March 31, 2022
A. Cash flow from operating activities		
Loss before income tax	(101)	(130)
Adjustments for:		
Depreciation and amortisation expense	383	363
Unrealized foreign exchange loss/(gain)	23	(39)
Employee stock compensation expense	2	0
Finance income	(54)	(42)
Liabilities no longer required written back	(9)	(16)
Loss allowance on trade receivables (Net)	(8)	(3)
Provision for slow moving Inventory	36	41
Impairment of recoverables from related party	119	-
Interest expense on borrowings	170	159
Finance guarantee expense	27	27
Finance guarantee income	(10)	-
Unwinding of discount on security deposit	(3)	-
Impairment loss/write down in value of investment	37	68
Change in operating assets and liabilities		
(Increase)/decrease in		
- trade receivables	(228)	(238)
- inventories	(611)	(55)
- other financial assets	159	(186)
- other non-current assets	5	(4)
- other current assets	6	(34)
Increase/(decrease) in		
- trade payables	345	268
- employee benefit obligations	6	6
- other financial liabilities	(52)	33
- other current liabilities	(7)	10
- contract liabilities	84	(14)
Cash generated from operations	319	214
Income taxes paid/(refund received)	(1)	(1)
Net cash inflow from operating activities (A)	**319**	**213**
B. Cash flows from investing activities:		
Payments for property, plant and equipment and intangible assets	(59)	(83)
Proceeds from sale of property, plant and equipment	-	0
Interest received	14	46
Loans to related parties	(400)	(110)
Repayment of loan given to related parties	360	51
Net cash outflow from investing activities (B)	**(84)**	**(96)**
C. Cash flows from financing activities:		
Proceeds from long-term borrowings	-	159
Repayment of borrowings	(137)	(38)
Principal repayments of lease liability	(160)	(208)
Proceeds / (repayment) from short-term borrowings (net)	266	(46)
Interest paid	(170)	(159)
Net cash inflow (outflow) from financing activities (C)	**(200)**	**(292)**

AeroStructures Manufacturing India Pvt. Ltd. *

Price Waterhouse Chartered Accountants LLP LLPIN AAC-5001 FRN 012754N/N500016 * Bengaluru *

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

	Year ended March 31, 2023	Year ended March 31, 2022
Net increase (decrease) in cash and cash equivalents (A+B+C)	**34**	**(175)**
Cash and cash equivalents at the beginning of the financial year	49	224
Cash and cash equivalents at end of the year (Refer Note 6(iv))	**83**	**49**
Non-cash financing and investing activities		
Acquisition of right of use assets	311	251
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and bank balances as per above comprise of the following:		
Balances with banks:		
In current accounts	3	49
Deposits with bank	80	0
Cash on hand	-	0
Balances per statement of cash flows	**83**	**49**

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

Sharmila Ramaswamy
Partner
Membership No.: 215131
Place: Bengaluru
Date: August 11, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
DIN: 09515485

Shirish Ganamukhi
Director
DIN: 09246883

Ravi Hugar
Company Secretary
M. No.: A20823

Place: Belagavi
Date: August 11, 2023

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, 2021		**487**
Changes during the year	10	-
Balance as at March 31, 2022		**487**
Changes during the year	10	-
Balance as at March 31, 2023		**487**

B. Other equity

	Reserves and Surplus			Other reserves	Total other equity
	Retained earnings	Securities premium Reserve	Share options outstanding account		
Balance as at April 01, 2021	**(77)**	**1,222**	**2**	**123**	**1,270**
Finance guarantee received during the year	-	-	-	24	24
Employee stock option expenses	-	-	0	-	0
Sub total	**(77)**	**1,222**	**2**	**147**	**1,294**
(Loss)/ Profit for the year	(97)	-	-	-	(97)
Other comprehensive income /(loss) for the year*	4	-	-	-	4
Total	**(93)**	**-**	**-**	**-**	**(93)**
Balance as at March 31, 2022	**(170)**	**1,222**	**2**	**147**	**1,201**
Finance guarantee received during the year	-	-	-	18	18
Employee stock option expenses	-	-	2	-	2
Sub total	**(170)**	**1,222**	**4**	**165**	**1,221**
(Loss)/ Profit for the year	(161)	-	-	-	(161)
Other comprehensive income /(loss) for the year *	5	-	-	-	5
Total	**(156)**	**-**	**-**	**-**	**(156)**
Balance as at March 31, 2023	**(326)**	**1,222**	**4**	**165**	**1,065**

* It represents re-measurement of defined benefit obligations.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

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

Sharmila Ramaswamy
Partner
Membership No.: 215131
Place: Bengaluru
Date: August 11, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
DIN: 09515485
Place: Belagavi
Date: August 11, 2023

Shirish Ganamukhi
Director
DIN: 09246883

Ravi Hugar
Company Secretary
M. No.: A20823

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

	March, 31 2023	March 31, 2022
10 Equity share capital		
(i) Authorised equity share capital		
Balance as at the beginning of the year		
48,650,000 (March 31, 2022 : 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		
Balance as at the beginning of the year	487	487
48,642,438 (March 31, 2022: 48,642,438) equity shares of ₹10/- each.		
Total issued, subscribed and fully paid-up share capital	**487**	**487**

(iii) Movement in equity share capital

	March, 31 2023		March 31, 2022	
	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 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 2023	March 31, 2022
Equity shares of ₹10 each fully paid		
Aequs Private Limited, the holding company	487	487
48,642,438 (March 31, 2022: 48,642,438)shares of ₹10/- each		

10 Equity share capital (continued)

(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, 2023		
Aequs Private Limited	48,642,438	100%
As at March 31, 2022		
Aequs Private Limited	48,642,438	100%

(vii) There are no instances of shares allotted as fully paid by way of bonus shares and shares bought back during the period of five years immediately preceding the year end.

(viii) Details of shareholding of Promoters

As at March 31, 2023

Name of the Promoter	Number of shares	Percentage of total number of shares	Percentage of change during the year
Aequs Private Limited	48,642,438	100	0%

As at March 31, 2022

Name of the Promoter	Number of shares	Percentage of total number of shares	Percentage of change during the year
Aequs Private Limited	48,642,438	100	0%

AeroStructures Manufacturing India Pvt. Ltd. *

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

11(i) Reserves and Surplus

	March, 31 2023	March 31, 2022
(i) Retained Earnings	(326)	(170)
(ii) Securities premium reserve	1,222	1,222
(iii) Share options outstanding account	4	3
	900	**1,055**

	March, 31 2023	March 31, 2022
(i) Retained earnings		
Opening balance	(170)	(77)
Net profit /(loss) for the year	(161)	(97)
Items of other comprehensive income recognised directly in retained earnings :		
- Remeasurement of post employment benefit obligations	5	4
Closing balance	**(326)**	**(170)**
(ii) Securities premium reserve		
Opening balance	1,222	1,222
Closing balance	**1,222**	**1,222**
(iii) Share options outstanding account		
Opening balance	2	2
Employee stock option expenses	2	0
Closing balance	**4**	**2**

11(ii) Other reserves

	March, 31 2023	March 31, 2022
Opening balance	147	123
Add: Addition/utilisation during the year	18	24
Closing balance	**165**	**147**

(a) Securities premium

Securities Premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of Companies Act 2013.

(b) 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.

(c) 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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Aerostructures Manufacturing India Pvt. Ltd.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N/N500016
Bengaluru

1. Background

AeroStructures Manufacturing India Private Limited ('the Company') was incorporated on February 7, 2013 under the Companies Act 1956, in India, as a subsidiary of Aerospace Manufacturing Holdings Private Limited (AMHPL). Pursuant to a Share Purchase Agreement dated January 31, 2021 AMHPL has transferred its shareholding in the Company to Aequs Private Limited (APL). Accordingly, the Company became a wholly owned subsidiary of APL from the financial year ended March 31, 2021.

The Company is engaged in the business of machining and manufacturing of aerostructures components.

On March 21, 2013, the Company obtained approval from Office of the Cochin Special Economic Zone Assistant Development Commissioner, Government of India to carry on the operations relating to manufacture and export of aerospace parts under SEZ unit. The commercial operations of the Company started in August, 2013.

On August 1, 2013, the Company entered into a business purchase agreement with Aequs Private Limited ('APL') to purchase its business of manufacturing of machined parts for aerostructure components ('Unit I') being carried out from Aequs Special Economic Zone ('Aequs SEZ') at Hattargi, Belagavi.

On March 18, 2014, the Company obtained approval from Office of the Cochin Special Economic Zone Development Commissioner, Government of India to carry on the operations relating to manufacture and export of aerospace parts from new unit ('Unit II') under SEZ unit. The commercial operations of Unit II started in November, 2015.

On January 30, 2018, the Company obtained approval from Development Commissioner, Office of the Cochin Special Economic Zone, Government of India to carry on the operations relating to manufacture and export of machined aerospace parts from its new unit ('Unit III') located at Aequs SEZ. The commercial operation commenced from August 2018.

2. Summary of Significant accounting policies

(a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

- certain financial assets and liabilities are measured at fair value;
- share-based payments

(iii) 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.

(iv) New and amended standards adopted by the Company

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended certain accounting standards, and are effective 1 April 2022.

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The Company's CODM is identified to be the Managing Director and COO of the holding company, who plans the allocation of resources and assesses the performance of the segments. Refer Note 36 for segment information presented.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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.

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 recognised.

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

(e) Other income

Interest income from financial assets at amortized cost is recognized in the statement of profit and loss using effective interest method.Revenue from export incentives are recognised as income in other income in the statement of profit and loss, on an accrual basis.

(f) Government grants

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

(g) 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 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

(h) Leases

Leases are recognised as right of use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

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

- Fixed payments, less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the entity under residual value guarantees
- The exercise price of a purchase option if the entity is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, as in the case of lease of buildings, the entity's incremental borrowing rate is used, being the rate that the entity would have to pay to borrow the funds necessary to obtain the asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

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

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

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

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. Where the Company is reasonably certain to exercise the purchase option, the right of use asset is depreciated over the underlying asset's useful life.

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

AeroStructures Manufacturing India Pvt. Ltd. *

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(i) Impairment of assets

The Company does not have goodwill or any other intangible assets with indefinite useful life. Other assets are amortised over estimated useful life and are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) 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.

(k) Provisions and onerous contracts

Provisions:

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

Onerous contracts:

A provision for onerous contract is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

(l) Trade receivables

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

(m) 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 realisable value. Cost of raw materials comprises cost of purchases. Cost of work-in- progress and finished goods comprises direct materials, direct labour 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. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Investments and other financial assets

(i) Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments (not held for trading purpose), this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition

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

(iii) Measurement

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

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

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

(c) Investments in equity instruments of subsidiaries and associates

The Company measures its investments in equity instruments of subsidiaries and associates at cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of profit and loss.

(iv) Impairment of financial assets

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

(v) Derecognition of financial assets

A financial asset is derecognised only when

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

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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

(vi)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 amortised cost is calculated using the effective interest method and is recognised in the statement of profit and loss using the effective interest rate method.

(o) Property, plant and equipment:

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

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

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in case of certain leased machineries, the shorter lease term as follows:

The estimated useful lives of assets are as follows:

Asset category	**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 to 10	8 to 15
Computers	3 to 6	3 to 6
Furniture and fittings	1.5 to 5 years	10
Vehicles	10	8 to 10
Office and other equipment	1.5 to 5	5

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

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

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Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. 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.

(p) Intangible assets

Intangible assets include Computer software and Technical knowhow. Costs associated with maintaining software programs are recognised as an expense as incurred. Technical knowhow comprises of capitalised product development costs being an internally generated intangible assets.

The Company amortises 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

(q) Accounting policy on Earnings before interest, tax, depreciation and amortisation (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 EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance income, finance costs and income tax expense.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(s) Borrowings

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

Borrowings are classified as current liabilities unless the group 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.

(t) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

(u) 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.

(v) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term employee benefit obligations

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

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity; and

(b) defined contribution plans such as provident fund and Employees' State Insurance (ESI)

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Gratuity obligation

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

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

The interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined Contribution Plans:

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are 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 are provided to employees through the Aequs Stock Option Plan introduced by Aequs Private Limited. The cross charge of these expenses are recognised as a part of Employee benefit expenses.

v) Bonus

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

(w) Financial Guarantee contracts

Financial guarantee contracts are recognised 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 109and the amount initially recognised less, where appropriate, cumulative amount of income recognised 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 recognised as part of the cost of the investments.

(x) Contributed equity

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

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

(z) 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.

(aa) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded to nearest millions (million) as per the requirement of Schedule III of Companies Act, 2013, unless otherwise stated. Amounts mentioned as "0" in the financial statements denote amounts rounded off, being less than ₹ 500,000. Due to rounding, numbers presented in the financial statements may not add up precisely to the totals provided.

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3. Critical estimates and judgements

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

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

Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of changes to previous estimates.

The areas involving critical estimates are as below:

- Estimation of fair value of investments.

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years.

- Estimation of deferred tax expense/benefit.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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

4(i) Property, Plant and Equipment

	Leasehold improvements	Plant and machinery	Computer equipments	Office equipments	Furniture and fittings	Total
Gross carrying amount as on April 1, 2021						
Opening balance of carrying amount	17	762	27	14	0	**820**
Additions	-	33	4	1	-	**38**
Disposal	-	(4)	(1)	0	-	**(5)**
Closing balance of carrying amount as on March 31, 2022	**17**	**791**	**30**	**15**	**0**	**853**
Accumulated Depreciation as on April 1, 2021						
Opening balance of accumulated depreciation	7	408	19	10	0	**444**
Depreciation charged during the year	2	86	4	2	-	**94**
Disposal	-	(4)	(0)	-	-	**(4)**
Closing balance of accumulated depreciation as on March 31, 2022	**9**	**490**	**23**	**12**	**0**	**534**
Net carrying value as on March 31, 2022	**8**	**301**	**7**	**3**	**0**	**319**
Gross carrying amount as on April 1, 2022						
Opening balance of carrying amount	**17**	**791**	**30**	**15**	**0**	**853**
Additions	3	32	5	2	-	42
Disposal	-	(0)	-		-	(0)
Closing balance of carrying amount as on March 31, 2023	**20**	**823**	**35**	**17**	**-**	**895**
Accumulated Depreciation as on April 1, 2022						
Opening balance of accumulated depreciation	**9**	**490**	**23**	**12**	**0**	**534**
Depreciation charged during the year	2	80	3	1	-	86
Disposal	-	(0)	-	-	-	(0)
Closing balance of accumulated depreciation as on March 31, 2023	**11**	**570**	**26**	**13**	**-**	**620**
Net carrying value as on March 31, 2023	**9**	**253**	**9**	**4**	**-**	**275**

a) Plant and machinery includes electrical installations :

	March 31, 2023	March 31, 2022
Gross carrying amount	42	35
Depreciation charge for the year	4	3
Accumulated depreciation	21	16
Net carrying amount	21	19

b) Refer note 33 for disclosure of contractual commitments for acquisition of property, plant and equipment.

c) For lien/charge against property, plant and equipment refer note no.40

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

4(ii) Right of use assets (RoU assets)

	Right of use assets-Plant and machinery	Right of use assets - Buildings	Total
Gross carrying amount as on April 1, 2021			
Opening balance of carrying amount	1,695	486	2,181
Additions	251	-	251
Deletions	-	-	-
Closing balance of carrying amount as on March 31, 2022	**1,946**	**486**	**2,432**
Opening balance of accumulated depreciation as on April 1, 2021	515	132	647
Depreciation charged during the year	175	65	240
Transfer to property, plant and equipment	-	-	-
Closing balance of accumulated depreciation as on March 31, 2022	**690**	**197**	**887**
Net carrying amount as on March 31, 2022	**1,256**	**289**	**1,545**
Gross carrying amount as on April 1, 2022			
Opening balance of carrying amount	1,946	486	2,432
Additions	63	248	311
Deletions	-	(77)	(77)
Closing balance of carrying amount as on March 31, 2023	**2,009**	**657**	**2,666**
Opening balance of accumulated depreciation as on April 1, 2022	690	197	887
Depreciation charged during the year	193	71	264
Deletions	-	(77)	(77)
Closing balance of accumulated depreciation as on March 31, 2023	**883**	**191**	**1,074**
Net carrying amount as on March 31, 2022	**1,256**	**289**	**1,545**
Net carrying amount as on March 31, 2023	**1,126**	**466**	**1,592**

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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 01, 2021	Additions	Transfer to property, plant and equipment	As at March 31, 2022	As at April 01, 2022	Additions	Transfer to property, plant and equipment	As at March 31, 2023
Capital work-in-progress (CWIP)	-	8	-	8	8	-	8	-

Aging of CWIP As at March 31, 2023

Particulars	Amounts in Capital work in progress				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects In Progress	-	-	-	-	-
Total	-	-	-	-	-

There were no projects whose completion was overdue or had exceeded their cost compared to its original plan as at end of the year or previous year.

Aging of CWIP As at March 31, 2022

Particulars	Amounts in Capital work in progress				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects In Progress	8	-	-	-	8
Total	8	-	-	-	8

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5(i) **Intangible assets**

Particulars	Computer software	Technical know-how	Total
Gross carrying amount as on April 1, 2021			
Opening balance of carrying amount	69	83	**152**
Additions	2	53	**55**
Disposal	-	-	-
Closing balance of carrying amount as on March 31, 2022	**71**	**136**	**207**
Accumulated amortisation as on April 1, 2021			
Opening balance of accumulated amortisation	40	18	58
Amortisation charged during the year	7	23	30
Disposal	-	-	0
Closing balance of accumulated amortisation as on March 31, 2022	**47**	**41**	**88**
Gross carrying amount as on April 1, 2022			
Opening balance of carrying amount	71	136	207
Additions	3	11	14
Disposal	-	-	-
Closing balance of carrying amount as on March 31, 2023	**74**	**147**	**221**
Accumulated amortisation as on April 1, 2022			
Opening balance of accumulated amortisation	47	41	88
Amortisation charged during the year	5	28	33
Disposal	-	-	-
Closing balance of accumulated amortisation as on March 31, 2023	**52**	**69**	**121**
Net carrying value as on March 31, 2022	**24**	**95**	**119**
Net carrying value as on March 31, 2023	**22**	**78**	**100**

The remaining useful life of Intangible assets ranges from 1 year to 9.5 years.

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5(ii) Intangible assets under development

	As at April 01, 2021	Additions	Transfer to Intangible assets	As at March 31, 2022	As at April 01, 2022	Additions	Transfer to Intangible assets	As at March 31, 2023
Computer software	-	1	-	1	1	-	1	-
Technical knowhow	17	2	17	2	2	13	11	4
Total	**17**	**3**	**17**	**3**	**3**	**13**	**12**	**4**

Note:

a) Technical knowhow comprises of capitalised product development costs being an internally generated intangible asset.

b) Refer Note 33 for disclosure of contractual commitments for intangible assets.

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

	Amounts in Capital work in progress				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Projects In Progress	4	-	-	-	4
Total	**4**	**-**	**-**	**-**	**4**

Aging of Intangible assets under development as at March 31, 2022

	Amounts in Capital work in progress				
	Less than one year	1-2 years	2-3 years	More than 3 years	Total
Projects In Progress	3	-	-	-	3
Total	**3**	**-**	**-**	**-**	**3**

There are no projects whose completion is overdue or has exceeded its cost compared to its original plan as at end of the year or previous year.

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6 Financial assets

	As at March, 31 2023	As at March 31, 2022
(i) Non-current investments		
(A) Investment in equity instruments (fully paid-up)		
Unquoted		
Investment in subsidiary at cost		
100% (March 31, 2022 :100%) shares in common stock of Aequs Aerospace LLC.	887	887
Investment in associate at cost		
2,910,000 (March 31, 2022 : 2,910,000) equity shares (face value 1 Euro) of Aequs Aerospace BV. (Refer note 27)	203	203
Aggregate amount of unquoted investments	**1,090**	**1,090**
Aggregate amount of impairment in the value of investments (Refer note 27)	(335)	(298)
Total non-current investments	**755**	**792**

Note: Investment in equity shares of Aequs Aerospace BV includes the amount of notional investment recognized towards fair value of financial guarantee given ₹58 (March 31, 2022: ₹58)

(ii) Loans		
Non -current		
Loans to related parties (Refer note 30)	209	272
	209	**272**
Current		
Loans to related parties (Refer note 30)	278	111
	278	**111**
Break-up of security details		
Loans considered good - secured	-	-
Loans considered good - unsecured	487	383
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total loans	**487**	**383**

Details of loans and advances in the nature of loans granted to related parties (as defined under Companies Act, 2013):

To Related parties other than promoters, directors or key managerial personnel

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount outstanding	Percentage to the total loans and advances in the nature of loans	Amount outstanding	Percentage to the total loans and advances in the nature of loans
a) Amounts repayable on demand	278	57%	111	29%

(iii) Trade receivables		
Trade receivables from contracts with customers	624	513
Trade receivables from contracts with customers - related parties (Refer note 30)	203	88
Less: Loss allowance (Refer note 29)	(2)	(11)
Total receivables	**825**	**590**
Break-up of Trade receivables		
Trade receivables considered good- secured	-	-
Trade receivables considered good- unsecured	827	601
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	827	601
Less: Loss allowance	(2)	(11)
Total trade receivables	**825**	**590**
Receivables due by private companies in which a director of the Company also a director of such company	1	-

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Aging of Trade receivables as on March 31, 2023

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

Aging of Trade receivables as on March 31,2022

Particulars	Outstanding for following periods from the due date						
	Not due	Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables							
Considered good	543	48	1	3	6	-	601
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
Disputed trade receivables	-	-	-	-	-	-	-
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
Less: Loss allowance	(0)	(1)	(1)	(3)	(6)	-	(11)
Total trade receivables	**543**	**47**	**0**	**0**	**0**	**0**	**590**

Note:

1.For lien/charge against trade receivables refer note no.40

2.The carrying amount of trade receivables include receivables which are subject to a factoring arrangement without recourse. This arrangement is a tripartite agreement between Customer's Bank, Customer and the Company. Customer prepays his liability for a factor (discount rate) with an arrangement with the bank basis which the company gets paid net of factored amount and the same is settled by the customer to the bank directly on the due date of the receivable as agreed.

	As at March, 31 2023	As at March 31, 2022
(iv) Cash and cash equivalents		
Balances with banks:		
- in current accounts	3	49
- Deposits with maturity of less than 3 months	80	0
Cash on hand	-	0
	83	49
(v) Bank balances other than above		
Fixed deposits hypothecated as Margin money deposits	20	-
Term deposits with maturity of more than 3 months but less than 12 months.	-	13
	20	**13**

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	As at March, 31 2023	As at March 31, 2022
(vi) Other financial assets		
Non current		
Recoverable from related parties (Refer note 30)	-	108
Security deposits	64	68
	64	**176**
Current		
Recoverable from related parties (Refer note 30)	126	183
Deferred financial guarantee expense	14	9
MEIS incentive receivable	8	9
Provision for doubtful assets	(127)	(9)
	21	**192**
Provision for doubtful assets includes:		
Expected credit loss towards recoverables from related parties*	(119)	-
Provision for doubtful export incentives receivable	(8)	(9)
	(127)	**(9)**

* Includes Expected credit loss for recoverable from Aequs Aerospace BV ("AABV") amounting to ₹118 as at March 31, 2023 .The Company has considered indicators of impairment for the amount recoverable from AABV and recognised an impairment loss charge during the year of ₹118 with respect to other financial assets receivable from AABV ,an associate of the Company.

7(i) Other assets		
Non current		
Capital advances	2	7
Prepaid expenses	7	9
Balances with statutory authorities	-	2
	9	**18**
Current		
Advance to suppliers	12	32
Advances to employees	-	0
Prepaid expenses	28	21
Balances with statutory authorities	3	6
Provision for Doubtful balances with statutory authorities	-	(4)
	43	**55**
8(i) Deferred tax assets		
MAT credit entitlement	95	98
Deferred tax asset/ (liability)	59	109
	154	**207**
9(i) Inventories		
Raw materials (includes Goods in transit :₹37 (March 31,2022:₹60))	781	422
Work-in-progress	460	315
Finished goods	335	233
Stores and spares, including packing materials (Goods in transit:₹1 (March 31, 2022:₹5)	43	39
	1,619	**1,008**
Less: Provision for slow moving inventory	(106)	(70)
	1,513	**938**

Note:

(a) Write- down of inventories to net realizable value amounted to ₹68 (March 31, 2022: ₹22). 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.40

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

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

Raw materials	(47)	(26)
Work-in-progress	(21)	(5)
Finished goods	(16)	(14)
Stores and spares	(22)	(25)
	(106)	**(70)**

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

	March, 31 2023	March 31, 2022
12(i) Employee benefit obligations		
Non-current		
Gratuity	43	43
	43	**43**
Current		
Gratuity	3	2
Leave obligations	17	17
	20	**19**

(i) Leave obligations

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

The amount of provision of ₹17 (March 31, 2022: ₹17) is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. Provision expected to be settled after 12 months from the balance sheet date is ₹13 (2022: ₹13)

(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 2023	For the year ended March 31, 2022
Provident fund paid to the authorities	15	14
Employees State Insurance	1	1
	16	**15**

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

Particulars	March, 31 2023	March 31, 2022
Opening defined benefit obligation	**45**	**43**
Current service cost	8	8
Interest cost/(income)	3	3
Past service cost	-	-
(a) Total amount recognised in statement of profit or loss	**11**	**11**
Opening amount recognized in OCI outside profit and loss account	5	10
Remeasurements		
- return on plan assets, excluding amounts included in interest expense/(income)	-	-
- (Gains)/losses from changes in demographic assumptions	(1)	0
- (Gains)/losses from changes in financial assumptions	(1)	(2)
- Experience (gains)/losses	(5)	(3)
(b) Total amount recognised in other comprehensive income	(7)	(5)
Closing amount recognised in other comprehensive income	**(2)**	**5**
Total amount recognised in statement of profit and loss and other comprehensive income (A+B)	**4**	**6**
Liabilities assumed/(settled)	(1)	(1)
Benefits paid	(3)	(2)
Closing defined benefit obligations	**46**	**45**

The net liability disclosed above relates to the unfunded plans are as follows:

(c) Change in fair value of plan assets	March, 31 2023	March 31, 2022
Present value of unfunded defined benefit obligation	46	45
Fair value of plan assets	-	-
Net defined benefit liability/(asset) recognized in balance sheet	46	45
(d) Classification		
Current	3	2
Non current	43	43
Total	**46**	**45**

(e)Significant estimates: actuarial assumptions		
The significant actuarial assumptions are as follows:		
Discount rate per annum	7.50%	7.25%
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.	17% 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 2023	March 31, 2022
Discount rate		
Defined benefit obligation (DBO) on increase in 50 bps	43	42
Impact of increase in 50 bps on DBO	-5.47%	-5.90%
Defined benefit obligation (DBO) on decrease in 50 bps	49	48
Impact of decrease in 50 bps on DBO	5.96%	6.47%
Salary increase rate		
Defined benefit obligation (DBO) on increase in 50 bps	48	48
Impact of increase in 50 bps on DBO	5.68%	6.24%
Defined benefit obligation (DBO) on decrease in 50 bps	43	43
Impact of decrease in 50 bps on DBO	-5.37%	-5.79%

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 2023	March 31, 2022
Year 1	3	2
Year 2	3	3
Year 3	2	2
Year 4	4	2
Year 5	4	3
Year 6 to 9	14	13
10 years and above	104	111
Weighted average duration of the defined benefit obligation in years	11.42 years	12.35 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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	March, 31 2023	March 31, 2022
13 Financial liabilities		
13 (i) Borrowings		
Non current:		
Term loans from banks	373	507
Total non-current borrowings	**373**	**507**
Less: Interest accrued but not due on borrowings	(4)	(2)
Less: Current maturities of term loans	(140)	(137)
Non-current borrowings (as per Balance Sheet)	**229**	**368**
Current:		
Loans repayable on demand		
Working capital facilities from banks (secured)	1,270	1,005
Interest accrued but not due on borrowings	4	2
Current maturities of term loans	140	137
Total current borrowings	**1,414**	**1,144**

(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 (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 31-03-2023 is ₹17 (As on March 31, 2022: ₹38). An amount of ₹1 (As on March 31,2022 : ₹3) has been has been adjusted against this loan on account of unamortised financial guarantee expense and unamortised loan processing fees.

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 31-03-2023 is ₹23 (As on March 31, 2022: ₹33).An amount of ₹3 (As on March 31,2022 : ₹4) has been has been adjusted against this loan on account of unamortised financial guarantee expense and unamortised loan processing fees.

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

1)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 31-03-2023 is ₹125 (As on March 31, 2022: ₹159).

2)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 31-03-2023 is ₹85 (As on March 31, 2022: ₹116).

3)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 31-03-2023 is ₹126 (As on March 31, 2022: ₹159).

(iii) 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. Personal guarantee given by Mr. Aravind S Melligeri, Director of the holding company.

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Financial liabilities - Borrowings (continued)

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

	March, 31 2023			March 31, 2022		
	PCFC	EPC	CC	PCFC	EPC	CC
HDFC Bank	6 Months SOFR+200 bps p.a	3 MT Bill +1.23% p.a	1 Year MCLR +1.2% p.a	6 Months SOFR+200 bps p.a	6 Month MCLR +1.25% p.a	1 Year MCLR +1.2% p.a
Axis Bank	3 Months MCLR+140 bps p.a	3 Month MCLR +1.4% p.a	3 Month MCLR +1.4% p.a	6 Months SOFR+200 bps p.a	3 Month MCLR +1.4% p.a	3 Month MCLR +1.4% p.a

(iv) Corporate guarantees:

For HDFC Bank: Aequs Private Limited(to the extent of ₹600), Aequs SEZ Private Limited (restricted to value of the property of Aequs SEZ Pvt Ltd which is provided as collateral. i.e. ₹40) , MFRE (for the entire loan amount).

For Axis Bank: Aequs Private Limited (for entire loan amount), Aequs SEZ Private Limited (restricted to value of the property i.e. ₹112.4 of Aequs SEZ Pvt Ltd which is provided as collateral.)

(v) The carrying amounts of financial and non- financial assets pledged as security for current and non-current borrowings are disclosed in Note 40.

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

a. Inventories

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account (net of provision)	Amount as reported in the quarterly return/ statements	Amount of difference	Reason for discrepancies
Jun-22	Axis Bank & HDFC Bank	Inventories	984	1,047	(63)	Refer Notes below(a)
Sep-22		Inventories	991	1,123	(132)	
Dec-22		Inventories	1,206	1,307	(101)	
Mar-23		Inventories	1,513	1,564	(51)	Refer Notes below(b)

Notes:

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

(b) Valuation related adjustments and provision for slow moving inventory.

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-22	Axis Bank & HDFC Bank	Trade receivables	529	529	-	Refer notes below(a and b)
Sep-22		Trade receivables	588	589	(1)	
Dec-22		Trade receivables	650	651	(1)	
Mar-23		Trade receivables	624	667	(43)	

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

(b)Excludes trade receivables from related parties.

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

Financial liabilities - Borrowings (continued)

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 2023	March 31, 2022
Cash and cash equivalents	83	49
Current borrowings	(1,270)	(1,005)
Non-current borrowings	(373)	(507)
Lease liabilities	(1,442)	(1,265)
Net debt	**(3,002)**	**(2,728)**

	Other assets	Liabilities from financing activities			
	Cash and cash equivalents	Lease obligations	Non-current borrowings	Current borrowings	Total
Net debt as on April 01, 2021	**224**	**(1,255)**	**(386)**	**(1,053)**	**(2,470)**
Cashflows	(175)	-	-	46	(129)
Acquisition of leases/ borrowings	-	(251)	(159)	-	(410)
Foreign exchange adjustments	-	33	-	2	35
Repayments	-	208	38	-	246
Other non-cash adjustment	-	-	-	-	-
Interest expense	-	(68)	(42)	(49)	(159)
Interest paid	-	68	42	49	159
Net debt as on March 31, 2022	**49**	**(1,265)**	**(507)**	**(1,005)**	**(2,728)**
Cashflows	34	-	-	(266)	(231)
Acquisition of leases/borrowings	-	(288)	-	-	(288)
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	**83**	**(1,442)**	**(373)**	**(1,270)**	**(3,002)**

	March, 31 2023	March 31, 2022
13 (ii) Trade Payables		
Current:		
For goods & services		
Trade payables		
- Dues to micro and small enterprises (refer note 39)	-	0
- Other trade payables	942	564
-Payable to related parties (refer note 30)	150	193
	1,092	**757**

Aging of Trade payables: March 31, 2023

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

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

Financial liabilities - Borrowings (continued)

Aging of Trade payables: March 31, 2022

Particulars	Outstanding for the following periods					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade payables						
Micro enterprises and small enterprises	-	0	-	-	-	-
Others	287	459	11	0	-	757
Total	**287**	**459**	**11**	**0**	-	**757**

Note: Due to the inherent functionality of the accounting application used by the Company, the above ageing disclosures have been made based on the transaction date.

	March, 31 2023	March 31, 2022
13 (iii) Other financial liabilities		
Non current:		
Deferred financial guarantee commission	18	17
	18	**17**
Current:		
Capital creditors	6	11
Employees related liability	17	17
Payable to related parties (refer note 30)	1	53
Deferred financial guarantee commission	9	7
	33	**88**
13 (iv) Contract liabilities		
Advance from customers	85	1
	85	**1**
Deferred revenue		
Balance at the beginning of the year	1	1
Revenue recognised during the year out of the above	(1)	-
Advance received during the year	85	-
Balance at the end of the year	**85**	**1**

Note:

(i) Contract liabilities represents advance payments received from customers.

	March, 31 2023	March 31, 2022
14(i) Other liabilities		
Current:		
Statutory taxes payable	8	15
	8	**15**
14(ii) Current tax liabilities		
Opening balance	-	-
Add: Taxes payable for the current year	12	-
Add: Interest payable for the current year	1	-
Less: MAT credit utilised during the year	(3)	-
Less: Taxes paid during the year	(1)	-
	9	-

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	March, 31 2023	March 31, 2022
14(iii) Lease liabilities		
Non Current:		
Lease liabilities	1,238	1,104
	1,238	**1,104**
Current:		
Lease liabilities	204	161
	204	**161**
Lease liabilities include		
Building		
Current	50	56
Non current	478	292
	528	**348**
Plant and Machinery		
Current	154	105
Non current	760	812
	914	**917**

Note:

(a)Finance lease obligation includes lease obligation taken by the Company in Euro and is secured by machineries taken on lease. The interest rate implicit in lease is ranging from 2.50% p.a. to 5.40% p.a.

(b)The Company's lease contracts are for fixed periods of 8 years for plant and machinery and 10 years for building. Extension and termination options (for Building) are exercisable on mutually agreed terms with the lessor.

(c) The total cash outflow for leases, including interest, for the year was ₹ 232 (2022: ₹214)

(d) Low value leases are ₹ 2 (March 31, 2022: ₹ 2) and short term leases are ₹ 3 (March 31, 2023: ₹ 2)

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Movement in deferred tax	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, 2021	(84)	55	64	41	98	174
(Charged) / Credited:						
- to profit and loss	12	1	-	19	-	32
- to other comprehensive income	-	-	-	1		1
As at March 31, 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)
As at March 31, 2023	(61)	-	-	120	95	154

Taxation:

(a) Transfer pricing:

The Finance Act, 2001, has introduced, with effect from Assessment Year 2002-03 (effective April 1, 2001), detailed Transfer Pricing Regulations (the regulations) for computing the taxable income and expenditure from 'international transactions 'between 'associated enterprises' on an 'arm's length' basis. Further, the Finance Act, 2012 has widened the ambit of transfer pricing provisions to cover specified domestic transactions. The regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within the due date of filing the Return of Income.

For the year ended March 31, 2022, the Company had undertaken a study to comply with the said transfer pricing regulations for which the prescribed certificate of the accountant has been obtained which does not envisage any tax liability.
For the tax year ended March 31, 2023 the Company will be carrying out a study to comply with transfer pricing regulations for which the prescribed certificate of an 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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15 Income tax expense

	March 31, 2023	March 31, 2022
A. Income tax expense		
Current tax (A)		
Current tax	12	-
Current tax expense	**12**	**-**
Deferred tax (B)		
Decrease/(increase) in deferred tax asset	59	(22)
(Decrease)/increase in deferred tax liability	(11)	(12)
Total deferred tax expense/(benefit)	**48**	**(34)**
Income tax expense/ (income) (A+B)	**60**	**(34)**

B. Deferred tax:

The balance comprises tax effect on temporary differences attributable to:

	March 31, 2023	March 31, 2022
MAT entitlement credit	95	98
Unabsorbed depreciation carried forward for subsequent years	-	56
Others	120	125
	215	**279**
Set-off of deferred tax assets pursuant to set off provision		
Property plant and equipment	(61)	(72)
	(61)	**(72)**
	154	**207**

The tax impact for the above purpose has been arrived at by applying tax rate of 27.82% (March 31, 2022: 27.82%) being the substantively enacted prevailing tax rate for Indian Companies under Income the Tax Act, 1961.

The Company assesses reasonable certainty, supported by convincing evidence, that sufficient future taxable income will be available for set-off of deferred tax asset. Accordingly, this position has been reassessed as at March 31, 2023 and the deferred tax asset has been accounted for appropriately.

Unutilised MAT Credit expire within as below:

Particulars	March 31, 2023	March 31, 2022
Within five years	-	
Later than five years but less than ten years	61	45
Later than 10 years	34	53

C. 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, 2023	March 31, 2022
Profit from continuing operations before income tax expense	(101)	(132)
Tax at the of 27.82% (March 31, 2022: 27.82%)	(28)	(37)
Tax Impact due to Permanent Difference	8	(2)
Tax impact on Income not chargeable to tax	(4)	(3)
Tax Impact of Reversal during Tax Holiday Period	17	5
Tax impact of investment impairment	74	-
Tax effects relating to the prior years	7	2
Tax Impact on Deferred Tax Asset Created on Unrealised G/L	(11)	-
Others	(3)	1
Total tax expense/(income)	**60**	**(34)**

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

	Year ended March, 31 2023	Year ended March 31, 2022
16 Revenue from operations		
Revenue from contracts with customers		
- Sale of products		
Manufactured goods	3,464	2,399
	3,464	**2,399**
Other operating income		
Scrap sales	148	91
	148	**91**
	3,612	**2,490**

a. Aggregate amount of transaction price allocated towards performance obligations unfulfilled as at reporting date. 9 20

Management expects that 100% of the price allocated to unfulfilled performance obligations for sale of goods contracts with customers as at March 31, 2023 i.e. ₹9 shall be recognised as revenue during next financial year.

b. There are no adjustments to the contract price.

c. Refer note 36 for geographical wise revenue break up.

	Year ended March, 31 2023	Year ended March 31, 2022
17 Other income		
Liabilities no longer required written back	9	16
Miscellaneous Income	-	0
	9	**16**
18 Other gains/(losses)- net		
Net gain/(loss) on disposal of property, plant and equipment	-	0
Net gain on foreign currency transactions	57	18
	57	**18**
19 Finance income		
Interest income from financial asset at amortised cost	54	32
Unwinding of discount on security deposit	3	3
Guarantee commission income	10	7
	67	**42**
20 Cost of materials consumed		
Opening stock	422	378
Provision for slow moving inventory	(26)	(11)
Opening stock (net) (a)	396	367
Purchases during the year (b)	2,098	1,033
Closing stock	781	422
Provision for slow moving inventory	(47)	(26)
Closing stock (net) (c)	734	396
Cost of raw materials consumed	**1,760**	**1,004**
21 Changes in inventories of work in progress and finished goods		
Inventory at the end of the year (a)		
Work-in-progress	460	315
Finished goods	335	233
Provision for slow moving inventory	(37)	(18)
	758	530
Inventory at the beginning of the year (b)		
Work-in-progress	315	220
Finished goods	233	318
Provision for slow moving inventory	(18)	(9)
	530	529
Change in inventories of work in progress and finished goods	**(228)**	**(1)**

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	Year ended March, 31 2023	Year ended March 31, 2022
22 Employee benefit expenses*		
Salaries, wages and bonus	316	273
Contribution to provident and other funds	16	15
Employee stock option Expense	2	0
Leave compensation	1	0
Gratuity (refer note 12(iii))	11	11
Staff welfare expenses	17	14
	363	**313**

*Included an amount of ₹ 34 (March 31, 2022: ₹ 36) reimbursed to related parties for cost of shared services received.

23 Depreciation and amortisation expense		
Depreciation of property, plant and equipment [Refer note 4(i)]	86	94
Amortisation of intangible assets [Refer note 5(i)]	33	29
Depreciation on Right-of-use assets [Refer note 4(ii)]*	264	240
	383	**363**

Note: Depreciation on property, plant and equipment amounting to ₹ 0 (March 31, 2022: ₹1) and intangible assets amounting to ₹ 0 (March 31, 2022: ₹ 0) has been capitalised towards technical know how and intangible assets under development. (Refer note 34)

*Details of depreciation on right of use assets		
Buildings	71	65
Plant and Machinery	193	175
	264	**240**

24 Other expenses		
Consumption of stores and spares	176	157
Subcontracting expenses	439	257
Freight and forwarding	60	41
Power and fuel	101	75
Repairs and maintenance		
Machinery	43	3
Building	5	5
Others	40	33
Legal and professional fees	19	20
Payment to auditors [refer note (i) below]	2	1
Rental charges	5	4
Printing and stationery	2	1
Insurance	23	18
Rates and taxes	2	7
Travelling and conveyance	8	4
Communication	13	16
Management service fee	38	51
Royalty fee	59	41
Miscellaneous expenses	0	1
Bank charges	8	10
Advertisement and business promotion expenses	43	31
	1,086	**776**

(i) Payments to auditors (excluding GST)		
As auditor:		
Audit fee	2	1
	2	**1**

(ii) Corporate Social Responsibility		
- Gross amount required to be spent as per Section 135 of the Act	-	-
- Amount spent during the year on:		
Construction/acquisition of any asset	-	-
On purposes other than (i) above	-	-

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

	Year ended March, 31 2023	Year ended March 31, 2022
25 Finance cost		
Interest expense on short-term borrowings	66	49
Interest expense on term loan	39	42
Interest on lease liabilities	65	68
Exchange differences (related to borrowings)	77	15
Exchange differences (related to lease liabilities)	55	(24)
Finance guarantee expense	27	26
Interest on income tax	1	-
Others	4	0
	334	**176**
26 Net impairment on financial assets		
Loss allowance on trade receivables(Refer note 29)	(8)	(3)
	(8)	**(3)**
27 Exceptional items		
Impairment loss of investments	37	68
Provision for doubtful intercompany receivables	119	-
	156	**68**

Notes:

Provision for doubtful intercompany receivables represents amount recoverable from AABV , an associate of the company .

During the year ended March 31, 2023 and March 31, 2022 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 ₹ 37 (March 31,2022: ₹ 67) with respect to investment in AABV, an associate of the Company and other receivables aggregating to ₹ 118 (March 31,2022: NIL) from the associate.

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28 Fair value measurement

Financial instruments by category

	Category	March 31, 2023	March 31, 2022
Financial assets			
Loan	Amortised cost	487	345
Investments	Refer Note (v) below	755	792
Trade receivables	Amortised cost	825	590
Cash and cash equivalents	Amortised cost	83	49
Other financial assets	Amortised cost	85	405
Other bank balances	Amortised cost	20	13
Total financial assets		**2,255**	**2,194**
Financial liabilities			
Borrowings	Amortised cost	1,643	1,512
Trade payables	Amortised cost	1,092	758
Financial guarantee liability	Amortised cost	27	24
Other financial liability	Amortised cost	24	81
Lease liabilities	Amortised cost	1,442	1,265
Total financial liabilities		**4,228**	**3,640**

(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:

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

	Note	March 31, 2023	March 31, 2022
Financial assets			
Loan	6 (ii)	487	345
Investments	6 (i)	755	792
Trade receivables	6 (iii)	825	590
Cash and cash equivalents	6 (iv)	83	49
Other bank balances	6(v)	20	13
Other financial assets	6(vi)	85	405
Total financial assets		**2,255**	**2,194**
Financial liabilities			
Borrowings	13 (i)	1,643	1,512
Trade payables	13 (ii)	1,092	758
Financial guarantee liability	13 (iii)	27	24
Other financial liability	13 (iii)	24	81
Lease liabilities	14(iii)	1,442	1,265
Total financial liabilities		**4,228**	**3,640**

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

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

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

(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.

28 Fair value measurement (continued)

(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. This team submits the valuation results to the management. The management after internal discussions on the valuation results, finalizes the same.

For investments designated at FVTPL (level 3), the fair value is determined using valuation as at reporting date obtained from an external valuer.

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

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, other financial assets and liabilities are considered to be the same as their fair values, due to their short-term maturities of these instruments.

Interest free refundable security deposit are measured at fair value using the present value technique. Discount rate taken are the current yields on government bonds having tenure equivalent. The present value of interest free refundable deposit is the future cash flows discounted using the risk free return for the tenure of the agreement at the time of initial recognition. These inputs used being unobservable inputs, interest free refundable deposit is classified under level 3.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

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

(v) Investments

The Company accounts the investments in subsidiaries and associates at cost, in accordance with Ind AS 27. The investments are tested for impairment annually. Accordingly, these investments are not considered for categorisation.

(vi) Significant estimates

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

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29 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

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

(i) Credit risk management

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

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

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

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

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

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29 Financial risk management (continued)

(ii) Provision for expected credit losses.

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

<table>
<tr><th rowspan="2">Internal rating</th><th rowspan="2">Category</th><th rowspan="2">Description of category</th><th colspan="2">Basis for recognition of expected credit loss provision</th></tr>
<tr><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>A</td><td>High-quality assets, negligible credit risk</td><td>Asset where the counter party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td>12-month expected credit losses</td><td rowspan="2">Life-time expected credit losses</td></tr>
<tr><td>B</td><td>Low quality assets, high credit risk</td><td>Assets where there is a moderate probability of default. In general, assets where contractual payments are more days than past due are categorised as low quality assets. Also includes assets where the credit risk of counter party has increased significantly though payments may not be more than past due.</td><td>Life-time expected credit losses</td></tr>
<tr><td>C</td><td>Doubtful assets, credit-impaired</td><td>Assets are written off where there is no reasonable expectation of recovery. Where loans and receivables are written off, the company continues to engage in enforcement activity to attempt or recover the receivable due. Where recoveries are made, they are recognised in Statement of Profit and Loss.</td><td colspan="2">Asset is fully provided for or written off</td></tr>
</table>

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

1) Loans and deposits :

Loans and deposits are classified under the A category having negligible or nil risk based on past history of defaults and reasonable forward looking information. Loans and deposits comprises of mainly refundable security deposits made on buildings (leased premises) 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.

Loans and other receivables from related parties are assessed for impairment with reference to internal credit rating of the related parties and the timing of expected cash flows of the related parties based on the discounted cash flow method.

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.

3) Expected credit loss for trade receivables under simplified approach

Year ended March 31, 2023

	Not Due	1-90 days	91-180 days	181-365 days	more than 365 days	Total
Gross carrying amount	761	62	3	1	0	827
Expected loss rate	0%	2%	16%	75%	100%	
Expected credit loss (loss allowance provision)	(0)	(1)	(1)	(0)	(0)	(2)
Carrying amount of trade receivables (net of impairment)	**761**	**61**	**2**	**0**	-	**825**

Year ended March 31, 2022

	Not Due	1-90 days	91-180 days	181-365 days	more than 365 days	Total
Gross carrying amount	543	48	0	1	9	601
Expected loss rate	0%	2%	16%	75%	100%	
Expected credit loss (loss allowance provision)	(0)	(1)	(0)	(1)	(9)	(11)
Carrying amount of trade receivables (net of impairment)	**543**	**47**	**0**	**1**	**0**	**590**

Note: The Company has not applied simplified approach for receivables from related parties and regularly monitors the credit worthiness and does not see a provision to be made during the year.

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

29 Financial risk management (continued)

Reconciliation of loss allowance provision - Trade receivables

	Amount
Loss allowance as on April 1, 2021	**14**
Loss allowance utilised during the year	-
Charged to profit and loss	(3)
Loss allowance as on March 31, 2022	**11**
Loss allowance utilised during the year	(1)
Charged to profit and loss	(8)
Loss allowance as on March 31, 2023	**2**

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, 2023	March 31, 2022
Floating rate		
A. Expiring within one year (bank overdraft and other facilities)	179	375
B. Expiring beyond one year (bank loans)	-	-
	179	**375**

(ii) Maturities of financial liabilities

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

Contractual maturities of financial liabilities	Less than 12 months	More than 12 months	Total
As at March 31, 2023			
Non-derivatives			
Borrowings	1,414	229	1,643
Interest on borrowings (term loans and lease liability)	106	261	367
Trade payables	1,092	-	1,092
Guarantee liability	9	18	27
Other financial liability	28	-	28
Lease liabilities	204	1,238	1,442
Total Non derivative liabilities	**2,853**	**1,746**	**4,599**

Contractual maturities of financial liabilities	Less than 12 months	More than 12 months	Total
As at March 31, 2022			
Non-derivatives			
Borrowings	1,281	368	1,649
Interest on borrowings (term loans and lease liability)	106	262	368
Trade payables	757	-	757
Guarantee liability	7	17	24
Other financial liability	17	-	17
Lease liabilities	227	1,224	1,451
Total Non derivative liabilities	**2,395**	**1,871**	**4,266**

Note: Apart from the above, the Company has also given financial guarantees to bank in respect of loans availed by the related parties [Refer Note 30]. However, the Company expects the related parties to repay the borrowings to the banks without any defaults and therefore, the Company does not expect any outflow in respect of these financial guarantees.

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

29 Financial risk management (continued)

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, 2023		
	GBP	USD	EUR
Financial asset			
Trade receivable	1	825	1
Loans to related party	-	255	-
Interest accrued on loan to related party	-	63	-
Cash and bank balances	-	-	-
Net exposure to foreign currency risk (assets)	**1**	**1,143**	**1**
Financial liability			
Trade payables	-		-
Lease liabilities	-	-	913
Working capital facilities	-	563	-
Net exposure to foreign currency risk (liabilities)	-	**563**	**913**

	March 31, 2022		
	GBP	USD	EUR
Financial asset			
Trade receivable	-	529	2
Loans to related party	-	221	-
Interest accrued on loan to related party	-	37	-
Cash and bank balances	-	-	-
Net exposure to foreign currency risk (assets)	-	**787**	**2**
Financial liability			
Trade Payables	-	285	-
Finance Lease	-	-	918
Working capital facilities	-	835	-
Net exposure to foreign currency risk (liabilities)	-	**1,120**	**918**

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, 2023	**March 31, 2022**
USD Sensitivity		
INR/USD - Increase by 5%	21	(13)
INR/USD - decrease by 5%	(21)	13
EUR Sensitivity		
INR/EUR - Increase by 5%	(33)	(33)
INR/EUR - decrease by 5%	33	33

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

29 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, 2023	March 31, 2022
Variable rate borrowings	1,643	1,512
Fixed rate borrowings	1,442	1,265
Total borrowings (including lease liabilities)	**3,085**	**2,777**

(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, 2023	March 31, 2022
Interest rates - increase by 50 basis points	(6)	(5)
Interest rates - decrease by 50 basis points	6	5

(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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30 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
Fellow subsidaries	: Aequs Aerospace France SAS ('AAF SAS')
	: Aequs Manufacturing Holdings Private Limited (AMHPL)
	: Aequs Engineered Plastics Private Ltd (AEPPL)
	: Aequs Force Consumers Private Limited(AFC)
	: Aequs Consumers Products Private Limited(ACPPL)
	: Aerostructures Assemblies India Pvt Ltd ('AAI')
	: Aequs Toys Private Limited(ATPL)
	: Koppal Toys Molding COE Private Ltd(KTMPL)
	: Koppal Toys Tooling COE Private Ltd(KTTCPL)
	: Bernar SAS ('Bernar')
Joint ventures of holding company	: SQuAD Forging India Private Limited ('SQuAD')
	: Aerospace Processing India Private Limited ('API')
	: Aequs Rajas Extrusion Private Limited(AREPL)
Enterprises in which individuals owning interest in the Company, or their relatives have control or significant	: 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 or of the holding company *	: Mr. Rajeev Kaul, Managing Director of APL
	: Mr. Dinesh Iyer, Chief Financial Officer of APL
	: Mr. Shirish Ganamukhi, Director (w.e.f 25.08.2022)
	: Mr. Ravi Hugar, Company Secretary
	: Mr. Harish Bang , Director (till 17.10.2022)
	: Mr. Sourabh Mittal , Director (till 17.11.2021)

* 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:

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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, 2023	March 31, 2022
AMHPL	Expenses incurred on behalf of related entity	0	0
	Expense incurred by related party	0	-
APL	Sale of goods	0	0
	IT service cost	22	20
	Expense incurred by related party	95	107
	ESOP cost	2	0
	Subcontracting expense	8	-
	Purchase of goods	1	6
	Fair value of the guarantee taken	29	20
	Interest Income	20	10
	Financial guarantee expenses	26	22
	Advance given to related party	-	176
	Unsecured loan given	395	-
	Loan repaid by related party	245	-
AESPL	Expenses incurred on behalf of related entity	0	0
AALLC	Loan repaid by related party	-	51
	Interest on rupee loan	-	2
	Interest on USD loan	22	11
AABV	Expenses incurred on behalf of related entity	20	19
	Financial guarantee income	6	6
	Impairment of Investments	37	67
	Impairment of recoverables from related entity	118	-
ASEZ	Services taken	145	126
	Repayment of Lease Liability	58	46
	Interest on lease liability	40	44
	Expenses incurred on behalf of related entity	5	5
	Rental deposits made	-	68
	Unsecured loan given	-	60
	Loan repaid by related party	60	-
	Interest on above loan given	4	5
	Fair value of the guarantee taken	1	1
	Financial guarantee expenses	1	1
	Expense incurred by related party	2	-
ATPL	Expenses incurred on behalf of related entity	1	1
	Financial gurantee given	13	-
	Finncial guarantee income	1	-
AAF SAS	Services received	44	34
SQuAD	Sale of services	9	8
	Expenses incurred on behalf of related entity	1	0
	Financial guarantee income	3	1
	Subcontracting expenses	0	-
AAM	Sales of goods	275	93
	Purchase of goods and consumables	37	2
	Expense incurred by related party	1	-

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 (continued)

Name	Nature of transactions	March 31, 2023	March 31, 2022
AAI	Purchase of Goods	0	0
	Expenses incurred on behalf of related entity	1	0
	Sale of goods	3	0
	Sale of asset	0	-
	Subcontracting Expenses	1	-
AEPPL	Expenses incurred on behalf of related entity	1	1
	Expense incurred by related entity	-	1
	Interest income on unsecured loan given	6	2
	Unsecured loan given	5	50
	Loan repaid by related party	55	-
ACPPL	Expenses incurred on behalf of related entity	2	1
AFC	Expenses incurred on behalf of related entity	0	1
API	Services received	198	129
	Expenses incurred on behalf of related entity	0	1
	Expense incurred by related entity	0	
IKC	Services received	31	19
	Expenses incurred on behalf of related entity	0	0
QGEPL	Service received	3	8
Aequs Rajas	Expenses incurred on behalf of related entity	0	-
HDGCPL	Expenses incurred on behalf of related entity	0	-
KTCPL	Expenses incurred on behalf of related entity	-	0
KTMCPL	Expenses incurred on behalf of related entity	0	-
KTTCPL	Expenses incurred on behalf of related entity	0	-
ALM	Service received (Royalty expenses)	59	41
Bernar	Sale of goods	-	0
MFREEPL	Expenses incurred on behalf of related entity	0	0
	Fair value of the guarantee Taken	-	3
	Financial guarantee expense	0	3
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	-
AMMPL	Expense incurred on behalf of related entity	-	-
Altum Trust	Expense incurred on behalf of related entity	-	0
Aequs Foundation	Expenses incurred on behalf of related entity	0	0
	Sale of PPE	0	-
MFRE Trust	Expenses incurred on behalf of related entity	0	0

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

B. Balances as on March 31, 2023

Name	Nature of transactions	March 31, 2023	March 31, 2022
APL	Trade payables	7	1
	Trade receivables	0	0
	Advance to related party	-	176
	Unsecured loan given	150	-
	Interest receivable on loan given to related entity	20	10
	Dues to related parties	0	52
	Fair value of financial guarantee received	139	110
AESPL	Dues from related parties	1	1
AMHPL	Dues from related parties	2	2
AALLC	Unsecured loan given	255	234
	Interest accrued on above loan	63	38
	Investments in common stock	887	887
	Impairment of Investments	132	132
AABV	Investments in common stock	145	145
	Fair value of financial guarantee issued	58	58
	Dues from related parties	118	98
	Impairment of dues from related parties	118	-
	Impairment of Investments	203	166
ASEZ	Trade payables	17	3
	Deposits	73	73
	Electricity deposit	16	16
	Fair value of financial guarantee received	27	26
	Unsecured loan given	-	60
	Interest receivable on unsecured loan given	0	1
	Dues to related parties	0	1
	Dues from related parties	1	1
	Lease liability	528	346
AAF SAS	Trade payables	9	61
AAM	Trade payables	9	7
	Trade receivables	190	73
SQuAD	Trade receivables	12	5
	Trade Payables	0	1
	Fair value of financial guarantee issued	9	9
	Dues from related parties	0	0
	Dues to related parties	-	1
AAI	Dues from related parties	0	0
	Dues to related parties	-	0
	Trade receivables	1	0
	Trade payables	1	0
AEPPL	Dues from related parties	0	0
	Dues to related parties	-	1
	Unsecured loan given	-	50
	Interest receivable on unsecured loan given	-	0
	Trade Receivables	-	-
AFC	Dues from related parties	0	0

Aerostructures Manufacturing India Pvt. Ltd.

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

B. Balances as on March 31, 2023 (continued)

Name	Nature of transactions	March 31, 2023	March 31, 2022
ACPPL	Dues from related parties	3	-
	Dues to related parties	1	-
API	Trade payables	51	47
	Dues from related parties	-	1
IKC	Dues from related parties	0	0
	Trade Payables	0	0
QGEPL	Trade Payables	0	4
Aequs Limited Malta	Trade Payables	56	70
Bernar	Trade receivables	-	9
HDGCPL	Dues from related parties	0	-
MFREEPL	Dues from related parties	0	2
	Fair value of financial guarantee received	19	19
Aequs foundation	Dues from related parties	0	0
	Trade receivable	0	-
MFRE Trust	Dues from related parties	2	2
ACBPL	Dues from related party	0	-
AFTPL	Dues from related party	0	-
AHAPL	Dues from related party	0	-
AMMPL	Dues from related party	0	-
ATPL	Dues from related party	0	-
	Fair value of financial guarantee issued	13	-

Notes:

(i) An amount of ₹7 (March 31, 2022: ₹5) has been cross charged by Aequs Private Ltd, the holding company, towards managerial remuneration of key managerial

(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) Unamortised balance of fair value of financial guarantees received from APL, ASEZ and MFRE, towards securing term loan facilities obtained by the Company, as at March 31, 2023 is ₹12 (March 31, 2022: ₹8).

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

Disclosure as required under Sec 186(4) of Companies Act, 2013.

Particulars	March 31, 2023	March 31, 2022	Purpose of loan/ Guarantee
i. Loans outstanding (refer Note (b) below)			
Aequs Aerospace LLC	318	272	Working capital
Aequs Private Ltd.	170	-	Working capital
ii. Investments in subsidiaries, and associates(refer Note 6)			
Aequs Aerospace BV, Netherlands	203	203	-
Aequs Aerospace LLC, USA	887	887	-
iii. Financial guarantee issued (refer note below)			
Aequs Aerospace BV, Netherlands	401	401	Term loan and working capital
Aequs Toys Private Limited (ATPL)	300	-	Term loan and working capital
SQuAD Forging India Private Limited	13	43	Term loan and working capital

Disclosure as required under Sec 186(4) of Companies Act, 2013.

Note:

(a) These represents the value of loans against which financial guarantees has been issued by the Company.

(b) The amount outstanding as loan includes the interest accrued on the same.

The terms are in compliance with Section 186(7) of the Companies Act, 2013.

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31 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.

	March 31, 2023	March 31, 2022
Net debt	3,002	2,728
Total equity	1,552	1,689
Net debt to equity ratio	1.93	1.61

The Net debt to equity ratio for the current year increased from 1.61 to 1.94 is due to increase in lease liability due to new leases entered during the year.

(ii) Loan covenants

There are no restrictive covenants on Company's share capital.

1)As part of the term loan agreements with HDFC bank, the Company needs to maintain following financial covenants:

a. Adjusted Tangible Net Worth (ATNW) more than ₹172;

b. Total Outside Liabilities (TOL)/ Adjusted TNW of less than 3.5; and

c. Debt Service Coverage Ratio (DSCR) of more than 1.5.

During the year company has complied with TOL/ATNW covenant. However, defaulted in complying with DSCR . Breaches in complying with the financial covenants would permit the bank to call back the loans. However, the company continues to classify the loans as non-current based on its original repayment schedule as in the view of management, the breach is not material and the bank has not demanded repayment of the loan before the date of approval of these financial statements.

2)As part of the term loan agreements with Axis bank, the Company needs to maintain following financial covenants:

a.Total Outside Liabilities (TOL)/ Adjusted TNW of less than 3.6 and

b.Current ratio of not less than 1

During the year company has complied with TOL/TNW covenant. However , defaulted in complying with the current ratio.

Breaches in complying with the financial covenants would permit the bank to call back the loans. However, the company continues to classify the loans as non-current based on its original repayment schedule as in the view of management, the breach is not material and the bank has not demanded repayment of the loan before the date of approval of these financial statements.

32 Contingent liabilities

	March 31, 2023	March 31, 2022
Labour related matters (Refer note (i) below)	33	11
Tax matters (Refer note (ii) below)	39	-

(i)A case has been filed against the Company in District Labour court. If the Labour Court passes an award against the company, the probable compensation would amount to ₹33 (March 31, 2022: ₹11). The Company is however confident of winning this case based on council advice and hence the same is not provided in the financial statements.

Refer Note 30 for corporate guarantees given to third parties by the Company for loans taken by related parties of the Company.

(ii)Income tax matters under dispute mainly include disputed claims arising out of various adjustments carried out pursuant to assessment proceedings and additions on account of transfer pricing adjustments made by the Tax Authorities under Section 92CA of the Income Tax Act,1961. The Company is of the view that it has a good defense in respect of the disallowances and adjustments made. The Company is of the view that it has a good defense in respect of the disallowances and adjustments made.

It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above matters pending resolution.

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33 Commitments

	March 31, 2023	March 31, 2022
(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	110	62
	110	**62**

34 Capitalization of revenue expenditure

Intangible assets includes the following expenses of revenue nature which are attributable to these assets. Consequently, expenses disclosed under the respective notes are net of amounts capitalized.

	March 31, 2023	March 31, 2022
(i) Intangible assets		
Employee benefit expenses	7	18
Legal and professional fees	2	7
Depreciation and amortisation expense	0	1
Repairs and maintenance	0	0
Communication	0	0
Rental charges	-	0
TOTAL	**9**	**26**
(ii) Intangible assets- Under Development		
Employee benefit expenses	3	6
Legal and professional fees	1	2
Depreciation and amortisation expense	0	0
Repairs and maintenance	0	0
Communication	0	0
Rental charges	-	0
TOTAL	**4**	**8**

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35 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) Wilful defaulter: The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

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

(iv) Compliance with number of layers of companies: The Company has complied with the number of layers prescribed under the Companies Act, 2013.

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

(vi)(a) The Company has not advanced or loaned or invested funds in other entities (Intermediaries) during the year ended March 31, 2023.

(vi)(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.

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

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

(ix) The Company has not revalued its Property, plant and equipment or intangible assets during the current or previous year.

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

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

(xii) The borrowings obtained by the Company from bank have been applied for the purposes for which such loans were was taken.

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

(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.

Aerostructures Manufacturing India Pvt. Ltd.

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

36 Segment information

(a) Description of segments and principal activities.

The Company is primarily engaged in a single line of business of contract manufacturing machined parts used in aerospace sector. The Company's Chief Operating Decision Maker (CODM) is identified to be the Managing Director and COO 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. Although the Company's major operating divisions are managed on a worldwide basis, they operate in three principal geographical areas of the world. In Asia, the Company manufactures and trades aerospace components. The Company primarily exports to Europe and America. The amount of its revenue from external customers specified by location of customers are presented in the below table:

	March 31, 2023	March 31, 2022
Revenue from operations		
Asia & Middle East	548	329
America	1,023	604
Europe	2,041	1,557
	3,612	**2,490**

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

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

	March 31, 2023	March 31, 2022
EBITDA	705	434

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, 2023		March 31, 2022		Geographical location
Customer	**Revenue**	**% of total revenue**	**Revenue**	**% of total revenue**	
Customer 1	1,851	51%	1,400	56%	Europe / America
Customer 2	858	24%	613	25%	Asia / America

Note:

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

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

37 Financial Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for Variance
Current Ratio (times)	Current Assets	Current Liabilities	0.97	0.89	9%	Note 1
Debt-Equity Ratio (times)	Borrowings including lease liabilities	Equity	1.99	1.64	21%	Note 1
Debt Service Coverage Ratio (times)	Net Operating income	Debt Service	1.07	0.83	28%	Note 2
Return on Equity Ratio (%)	Profit After tax	Average Equity	(0.10)	(0.06)	77%	Note 3
Inventory Turnover Ratio (times)	Sales (revenue from operations)	Average Inventory	2.95	2.67	10%	Note 1
Trade Receivables Turnover Ratio (times)	Sales (revenue from operations)	Average receivables	5.11	5.28	-3%	Note 1
Trade Payable Turnover Ratio (times)	Purchase of Goods	Average Trade payables	2.47	1.86	33%	Note 5
Net Capital Turnover Ratio (times)	Sales (revenue from operations)	Working Capital	(44.14)	(10.45)	322%	Note 6
Net Profit Ratio (%)	Profit after tax	Sales (revenue from operations)	(0.04)	(0.04)	15%	Note 1
Return on Capital Employed (%)	Earning before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	0.07	0.02	332%	Note 3

Notes:

1. Reason for variances less than 25% is not required to be provided, as exempted by Schedule III of the Act.
2. Improvement is due to increase in earnings available for Debt Service
3. Increase in revenue/volume of operations during the year ended March 31, 2023 and other reasons primarily, better absorption of fixed costs.
4. Increase in sales of products during the year resulting in faster turnover of inventory.
5. Decrease in settlement cycle for trade payables during the year.
6. Variance is due to decrease in net current assets during March 31, 2023, mainly on account of current maturities of long-term borrowings due during the next 12 months.
7. Return on Investment (%) is not applicable as there are no returns from the investments made by the Company.

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

38 Earnings per share

	March 31, 2023	March 31, 2022
(a) Basic Earnings per share [₹]	(3.29)	(1.98)
(b) (Loss)/ Profit attributable to the equity share holders	(161)	(97)
(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.

39 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, 2023	March 31, 2022
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0	-
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	0	-
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	13	1
(iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	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	-	-

40 Assets pledged as security

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

	March 31, 2023	March 31, 2022
Current		
A. Financial assets:		
- Trade receivables	825	590
- Other bank balances	20	13
B. Non financial assets:		
- Inventories	1,513	938
- Other current assets	43	55
Total current assets pledged as security	**2,401**	**1,596**
Non current		
A. Non financial assets:		
- Plant and machinery	1,379	1,556
- Computer equipment	9	7
- Office equipment	4	3
- Furniture and fittings	-	0
B. Financial Assets		
- other financial assets	64	176
Total non-current assets pledged as security	**1,456**	**1,742**
Total assets pledged as security	**3,857**	**3,338**

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41 Interest in other entities

Name of the entity	Place of Business	Ownership held by	Nature of relationship	% of holding and voting power either directly or indirectly through subsidiary as at		Nature of Business
				March 31, 2023	March 31, 2022	
Aequs Aerospace LLC.	United States of America	AeroStructures Manufacturing India Private Limited	Subsidiary	100%	100%	Investment entity for entities manufacturing Aerospace components
Aequs Aero Machine Inc	United States of America	Aequs Aerospace LLC.	Subsidiary	100%	100%	Manufacturing of Aerospace components
Aequs Aerospace BV.	Netherlands	AeroStructures Manufacturing India Private Limited	Associate	21%	21%	Investment entity for entities manufacturing Aerospace components

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

42 The Company had guaranteed a loan availed by Aequs Aerospace BV, Netherlands ("AABV"), an associate of the Company from a bank in India in 2016. Due to lack of sufficient funds at the associate, repayment of some installments of the loan and corresponding interest, amounting to Rs.118 million was paid by the Company directly to the bank in India over a period of five years in discussion with the bank in India. Such amounts were disclosed as recoverable from AABV until the prior year.

During the current year, the Company has considered indicators of impairment for the amount recoverable from AABV, such as operational performance, outlook of future profitability, among other potential indicators. Based on such assessment, the Company has recognised an impairment loss aggregating to Rs.118 million with respect to the said receivables from AABV.

Subsequent to the year end, the Company has sought clarifications from the Authorised Dealer Bank on implications of the above transactions under The Foreign Exchange Management Act (FEMA) and is awaiting their response. In view of the management, based on their assessment/discussions with the Authorised Dealer there is no significant implication on the financial statements arising from compliance requirements under FEMA.

43 The financial statements were approved for issue by the Board of Directors on August 11, 2023.

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

Sharmila Ramaswamy
Partner
Membership No.: 215131

Place: Bengaluru
Date: August 11, 2023

For and on behalf of the Board of Directors

Dinesh Iyer
Director
DIN: 09515485

Shirish Ganamukhi
Director
DIN: 09246883

Ravi Hugar
Company Secretary
M. No.: A20823

Place: Belagavi
Date: August 11, 2023