

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Aequs Private Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Aequs Private Limited (hereinafter referred to as the "Holding Company") which includes the financial statements of Aequs Stock Option Plan Trust and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associate and joint ventures (refer Note 45 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2023, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associate and joint ventures as at March, 31, 2023, and consolidated total comprehensive loss (comprising of loss and other comprehensive loss), consolidated changes in equity and its consolidated 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 Consolidated Financial Statements" section of our report. We are independent of the Group, its associate and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 15 of the Other Matters section below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 51 in the financial statements regarding the amounts paid by the Holding Company's subsidiary 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 Holding Company's subsidiary has given a guarantee in an earlier year. Subsequent to the year end, the Holding Company's subsidiary 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.



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5. We draw your attention to note 52 in the financial statements regarding non-settlement of foreign currency payables amounting to Rs. 1 million as at March 31, 2023 which are due for more than three years and Rs. 7 million as at March 31, 2023 which are outstanding for more than six months but less than three years from the date of imports. This is beyond the period stipulated under the Reserve Bank of India Master Direction on Import of Goods and Services vide FED Master Direction No. 17/2016-17 dated January 1, 2016 (as amended). The Holding Company's subsidiary has made necessary application to the Authorised dealer Bank, seeking approval from RBI for extension of time limit to settle the outstanding amount.
6. We draw your attention to note 53 in the financial statements regarding non-settlement of foreign currency payables amounting to Rs. 2 million as at March 31, 2023 which are due for more than three years and Rs. 41 million as at March 31, 2023 which are outstanding for more than six months but less than three years from the date of imports. This is beyond the period stipulated under the Reserve Bank of India Master Direction on Import of Goods and Services vide FED Master Direction No. 17/2016-17 dated January 1, 2016 (as amended). The Holding Company's subsidiary has made necessary application to the Authorised dealer Bank, seeking approval from RBI for extension of time limit to settle the outstanding amount.
7. We draw attention to Note 54 regarding preparation of financial statements of one of the Holding Company's subsidiary on a realisable value basis for reasons stated therein.
Our opinion is not modified in respect of above matters.

Other Information

8. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Boards' Report but does not include the consolidated financial statements and our auditor's report thereon.
Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 16 below), 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 Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets



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of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the Group and of its associate and joint ventures 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 Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associate and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated 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 misstatements, 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 Holding company has adequate internal financial controls with reference to consolidated 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 ability of the Group and its associate



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and joint ventures 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 consolidated 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 Group and its associate and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

Other Matters

15. We did not audit the financial statements of 12 subsidiaries, whose financial statements reflect total assets of Rs 3,943 million and net liabilities of Rs 602 million as at March 31, 2023, total revenue of Rs. 911 million, total comprehensive loss (comprising of loss and other comprehensive income) of Rs 406 million and net cash inflows amounting to Rs 77 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive loss (comprising of loss and other comprehensive income) of Rs. Nil and Rs. 10 million for the year ended March 31, 2023 as considered in the consolidated financial statements, in respect of 1 associate and 1 joint venture respectively, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint venture and associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
16. The financial statements of 1 subsidiary located outside India, included in the consolidated financial statements, which constitute total assets of Rs 801 million and net liabilities of Rs 400 million as at March 31, 2023, total revenue of Rs. 656 million, total comprehensive loss (comprising of loss and other comprehensive income) of Rs 133 million and net cash outflows amounting to Rs 53 million for the year then ended have been prepared in accordance with accounting principles generally accepted in their respective country and has been audited by other auditor under generally accepted



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auditing standards applicable in their respective country. The Company's management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), 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 matter specified in paragraph 3(xxi) of CARO 2020.
18. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, and joint ventures incorporated in India, none of the directors of the Group companies, its associate and joint ventures incorporated in India 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 internal financial controls with reference to consolidated financial statements of the Group 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



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- i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associate and joint ventures— Refer Note 35 and 45(c)(ii) to the consolidated financial statements.
- ii. The Group, its associate and joint ventures were 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 Group, its associate and joint ventures did not have any derivative contracts as at March 31, 2023.
- iii. During the year ended March 31, 2023, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate and joint ventures incorporated in India.
- iv. (a) The respective managements of the Company and its subsidiaries/ joint ventures/associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries/ joint venture respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) 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 or any of such subsidiaries/ joint ventures/associate 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, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries/ joint ventures/ associate] ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer Note 48(vi)(a) to the consolidated financial statements)
- (b) The respective managements of the Company and its subsidiaries/ joint ventures/associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries/ joint venture /associate respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries/ joint ventures/ associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries/ joint ventures/associate shall, 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 48(vi)(b) to the consolidated financial statements)
- (c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries/ joint ventures/associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.



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- v. The dividend declared and paid during the year by its one of the joint venture company, is in compliance with Section 123 of the Act.
 - 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 Group, associate and joint ventures 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.
19. 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 Group, associate and joint ventures.

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

A.J. Shaikh
Partner

Place: Bengaluru

Date: September 23, 2023

Membership Number: 203637

UDIN: 23203637BGXPCB3529

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditor's Report

Referred to in paragraph 18(f) of the Independent Auditor's Report of even date to the members of Aequs Private Limited on the consolidated financial statements as at and for the year ended March 31, 2023
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Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March, 31, 2023, we have audited the internal financial controls with reference to financial statements of Aequs Private Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies AeroStructures Manufacturing India Private Limited, Aequs Force Consumer Products Private Limited, Aequs Engineered Plastics Private Limited, and its Joint venture company SQAD Forging India Private Limited, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to 6 subsidiaries and one joint venture company incorporated in India namely as mentioned below, pursuant to MCA notification GSR 583(E) dated 13 June 2017.

Subsidiaries:

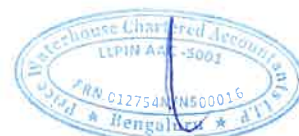
- i. Aerospace Manufacturing Holdings Private Limited
- ii. Aequs Toys Private Limited
- iii. Koppal Toys Molding COE Private Limited
- iv. Koppal Toys Tooling COE Private Limited
- v. Aequs Consumer Products Private Limited
- vi. Aerostructures Assemblies India Private Limited

Joint Ventures:

- i. Aerospace Processing India Private Limited

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its joint venture company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 the respective 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.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditor's Report

Referred to in paragraph 18(f) of the Independent Auditor's Report of even date to the members of Aequs Private Limited on the consolidated financial statements as at and for the year ended March 31, 2023
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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 issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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 Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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



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Annexure A to Independent Auditor's Report

Referred to in paragraph 18(f) of the Independent Auditor's Report of even date to the members of Aequs Private Limited on the consolidated financial statements as at and for the year ended March 31, 2023
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statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its joint venture company, which are companies incorporated in India, have, 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 the ICAI.

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



A.J. Shaikh
Partner

Place: Bengaluru
Date: September 23, 2023

Membership Number: 203637
UDIN: 23203637BGXPCB3529

Price Waterhouse Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 17 of the Independent Auditors' Report of even date to the members of Aequs Private Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2023

As required by paragraph 3(xxi) of the CARO 2020, we report that the auditors of the following companies have given qualification or adverse remarks in their CARO report on the Standalone financial statements of the respective companies included in the Consolidated Financial Statements of the Holding Company:

S. No.	Name of the Company	CIN	Relationship with the Holding Company	Date of the respective auditors' report	Paragraph number in the respective CARO report
1.	Aequs Private Limited	U80302KA2000PTCo26760	Holding Company	September 23, 2023	ii(b), iii(a), iii (c) and iii (f), vii(b), ix(d), ix(e), xvi (d), xvii
2.	AeroStructures Manufacturing India Private Limited	U29253KA2013PTCo67763	Subsidiary	August 11, 2023	ii(b), iii(a), iii (c) and iii (f), vii(b) xvi (d)
3.	Aequs Engineered Plastics Private Limited	U25200KA2015PTCo78777	Subsidiary	July 18, 2023	ii(a), ii(b), xvi (d), xvii
4.	Aequs Force Consumer Products Private Limited	U33100KA2018PTC114901	Subsidiary	July 20, 2023	ii(a), ii(b), xvi (d), xvii
5.	Aequs Consumer Products Private Limited	U28995KA2019PTC129087	Subsidiary	September 05, 2023	ii(b), iii(a) , xvi (d), xvii
6.	Aequs Toys Private Limited	U36999KA2021PTC150503	Subsidiary	August 10, 2023	iii(a), vii(a), xvi (d), xvii
7.	Koppal Toys Molding COE Private Limited	U36999KA2021PTC150753	Subsidiary	June 20, 2023	vii(a), xvi (d), xvii
8.	Koppal Toys Tooling COE Private Limited	U36990KA2021PTC151211	Subsidiary	June 20, 2023	iii(a), iii(f) and vii(a), xvi (d), xvii
9.	Aerostructures Assemblies India Private Limited	U29253KA2013PTCo67804	Subsidiary	July 18, 2023	vii(a) and xvi (d)



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Annexure B to Independent Auditors' Report

Referred to in paragraph 17 of the Independent Auditors' Report of even date to the members of Aequs Private Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2023

10.	Aerospace Processing India Private Limited	U35303KA 2007PTCo 43311	Joint Venture	June 14, 2023	vii(a), vii(b) and xvi (d)
11	SQuAD Forging India Private Limited	U28910KA 2011PTCo5 6681	Joint Venture	August 01, 2023	ii(b), iii(a), xvi (d), xvii

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



A J Shaikh
Partner
Membership Number: 203637
UDIN: 23203637BGXPCB3529

Place: Bangalore
Date: September 23, 2023

Aequs Private Limited
Consolidated Balance Sheet
(All amounts are in INR Millions, except share data, unless otherwise stated)

CIN: U80302KA2000PTC026760

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,815	1,304
Right of use assets	5	4,169	3,296
Capital work in progress	4A	16	22
Investment property	4B	64	85
Goodwill	6	655	653
Other intangible assets	6	134	153
Intangible assets under development	6A	4	4
Investments in associates and joint ventures	7	575	502
Financial assets			
Investments	8	1	1
Loans	9 (i)	-	8
Other financial assets	9 (v)	337	314
Other non-current assets	10	79	119
Deferred tax assets	11	309	362
Current tax assets	11A	27	18
Total non-current assets		8,185	6,841
Current assets			
Inventories	12	2,985	2,147
Financial assets			
Trade receivables	9 (ii)	1,071	1,053
Cash and cash equivalents	9 (iii)	513	826
Bank balances other than above	9 (iv)	61	30
Loans	9 (i)	-	61
Other financial assets	9 (v)	36	22
Contract assets	13	1	9
Other current assets	10	315	305
Assets classified as held for sale	47	50	3
Total current assets		5,032	4,456
Total assets		13,217	11,297
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	4,248	3,960
Other equity			
Reserves and surplus	15	(1,611)	(1,140)
Other reserves	15	149	96
Equity attributable to owners of Aequs Private Limited		2,786	2,916
Non controlling interest	15	(113)	(2)
Total Equity		2,673	2,914
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16 (i)	1,253	845
Lease liabilities	16 (ii)	3,378	2,533
Other financial liabilities	16 (iii)	7	6
Employee benefit obligations	18	110	105
Other non-current liabilities	17	29	-
Total non current liabilities		4,777	3,489

Continued...



Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Current liabilities			
Financial liabilities			
Borrowings	16 (i)	2,208	2,162
Lease liabilities	16 (ii)	520	347
Trade Payables			
a. Total outstanding dues of micro and small enterprises	16 (iv)	2	6
b. Total outstanding dues other than (a) above	16 (iv)	2,256	1,761
Other financial liabilities	16 (iii)	265	178
Employee benefit obligations	18	45	41
Other current liabilities	17	295	357
Contract liabilities	13	165	42
Liabilities directly associated with assets classified as held for sale	47	11	0
Total current liabilities		5,767	4,894
Total liabilities		10,544	8,383
Total equity and liabilities		13,217	11,297

The accompanying notes are an integral part of these consolidated Ind AS financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016



A. J. Shaikh
Partner

Membership No.: 203637

Place: Bengaluru

Date: September 23, 2023

For and on behalf of the Board of Directors



Rajeev Kaul

Managing Director & Chief Operating Officer (COO)

DIN-01468590



Dinesh Iyer

Chief Financial Officer

Place: Belagavi

Date: September 23, 2023



Ajay Prabhu

Director

DIN-00477195



Ravi Hugar

Company Secretary

M. No. - A20823

Consolidated Statement of Profit and Loss

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

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Continuing operations			
Revenue from operations	19	8,121	5,291
Other income	20	145	47
Other gains/(losses) – net	21	96	12
Total income (A)		8,362	5,350
Expenses			
Cost of materials consumed	22	4,169	2,611
Changes in inventories of work-in-progress and finished goods	23	(349)	(159)
Purchase of traded goods	23a	21	-
Employee benefit expense	24	1,446	1,063
Impairment losses on financial assets (net)	25	9	20
Other expenses	26	2,479	1,647
Total direct cost (B)		7,775	5,182
Earnings before interest, tax, depreciation and amortisation (A-B)		587	168
Depreciation and amortisation expense	27	995	746
Finance costs	28	646	411
Finance income	29	(43)	(33)
Total expenses		1,598	1,124
Profit / (Loss) before exceptional items and tax		(1,011)	(956)
Share of net profit/ (Loss) of associates and joint ventures accounted for using equity method	47	(9)	(137)
Exceptional items gain / (loss)			
Impairment loss on receivable from related parties	30	(1)	-
Impairment loss on loans receivable from related parties	30	(6)	-
Total exceptional items gain / (loss)		(7)	-
Loss before tax from continuing operations		(1,027)	(1,093)
Income tax expense			
- Current tax	31	12	-
- Deferred tax	31	48	(54)
Total tax expense		60	(54)
Loss from continuing operations		(1,087)	(1,039)
Discontinued operations			
Profit/(Loss) from discontinued operations before tax		(8)	10
Tax expense of discontinued operations		-	-
Profit/(Loss) from discontinued operations		(8)	10
Loss for the year		(1,095)	(1,029)
Other comprehensive income			
Items that will be reclassified to profit or loss			
- Exchange difference on translation of foreign operations		(66)	(7)
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		13	14
- Share of other comprehensive income of joint ventures and associate accounted for using equity method		(1)	(0)
- Income tax relating to these items		(2)	(3)
- Gain on fair value measurement of previously held interest in AAI and AFCPL		-	241
Other comprehensive income / (loss) for the year, net of tax		(56)	245
Total comprehensive loss for the year		(1,151)	(784)
Profit / (loss) Attributable to:			
Owners of Aequs Private Limited		(988)	(1,062)
Non Controlling interest		(107)	33
		(1,095)	(1,029)
Other Comprehensive Income / (loss) attributable to:			
Owners of Aequs Private Limited		(52)	246
Non Controlling interest		(4)	(1)
		(56)	245

Continued...



Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Total Comprehensive income / (loss) attributable to			
Owners of Aequs Private Limited		(1,040)	(816)
Non Controlling interest		(111)	32
		(1,151)	(784)
Total Comprehensive income / (loss) attributable to owners of Aequs Private Limited arising from			
Continuing Operations		(1,143)	(794)
Discontinued Operations		(8)	10
		(1,151)	(784)
Earnings per equity share for profit from continuing operations attributable to owners of Aequs Private Limited (Basic and Diluted - in INR.) (Nominal value per share: INR 10)		(2.68)	(3.36)
Earnings per equity share for profit from discontinuing operations attributable to owners of Aequs Private Limited (Basic and Diluted - in INR.)		(0.00)	(0.00)
Earnings per equity share for profit from discontinuing & continuing operations attributable to owners of Aequs Private Limited (Basic and Diluted - in INR.)		(2.42)	(4.00)

The accompanying notes are an integral part of these consolidated Ind AS financial statements.
This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016


A. J. Shaikh
 Partner
 Membership No.: 203637

Place: Bengaluru
 Date: September 23, 2023

For and on behalf of the Board of Directors


Rajeev Kaul
 Managing Director & Chief Operating Officer (COO)
 DIN-01468590


Dinesh Iyer
 Chief Financial Officer

Place: Belagavi
 Date: September 23, 2023


Ajay Prabhu
 Director
 DIN-00477195


Ravi Hugar
 Company Secretary
 M. No. - A20823

Consolidated 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
Cash flow from operating activities :		
Loss before income tax from continuing operations	(1,027)	(1,093)
Profit / (Loss) before tax from discontinuing operations	(8)	10
(Loss) before tax	(1,035)	(1,083)
Adjustments for :		
Depreciation and amortisation expense	995	746
Employee stock compensation expense	24	6
Loss/(Profit) on disposal of property, plant and equipment	5	(0)
Interest income from financial asset at amortised cost	(13)	(18)
Liabilities no longer required written back	(58)	(22)
Loss allowance on trade receivables	9	20
Provision for slow moving Inventory	32	66
Finance cost	479	337
Finance Guarantee Income	(10)	(11)
Unwinding of discount on security deposits	(20)	(4)
Finance Guarantee Expense	20	28
Unrealised exchange (gain) or loss	95	(47)
Share of loss from associates and joint ventures	9	137
Impairment loss on loans and receivable from related parties	7	-
Dividend Income	(12)	-
Income from derecognition of ROU & Lease liabilities	(19)	-
Change in operating assets and liabilities		
(Increase) / Decrease in		
- trade receivables	(6)	(346)
- inventories	(870)	(230)
- other financial assets	(65)	69
- non current assets	(15)	(50)
- other current assets	(26)	(27)
- Contract assets	8	(3)
Increase / (Decrease) in		
- trade payables	491	440
- employee benefit obligations	16	9
- other non-current liabilities	29	-
- other financial liabilities	22	15
- other liabilities	(108)	15
contract liabilities	123	(45)
Cash generated from Operations	107	2
Income taxes received / (paid)	(9)	(7)
Net cash inflow/(outflow) from operating activities (A)	98	(5)
Cash flow from Investing Activities :		
Payments for property, plant and equipment	(856)	(447)
Proceeds from sale of property, plant and equipment	-	0
Loans given to related parties	(1)	(284)
Repayment of loans given to related parties	60	-
Interest received	13	15
Assets classified as held for sale	(45)	(13)
Dividend income received	12	-
Investments in associates and joint ventures	(72)	(140)
Net cash (outflow) from investing activities (B)	(889)	(869)
Cash flow from financing activities		
Proceeds from Issue of compulsory convertible debentures	839	1,492
Share issue expenses	(68)	(9)
Proceeds from long term borrowing	258	288
Repayment of long term borrowing	(283)	(554)
Proceeds from Compulsorily Convertible Preference Shares (CCPS)	641	-
Repayment of lease liability	(362)	(268)
Proceeds /(Repayment) from short term borrowing (net)	(32)	175
Interest paid	(449)	(282)
Net cash generated from financing activities (C)	544	842



	Year ended March 31, 2023	Year ended March 31, 2022
Net (decrease) in cash and cash equivalents (A + B + C)	(247)	(32)
Cash and cash equivalents at the beginning of the year	826	853
Cash from business combinations	-	12
Effects of exchange rate changes on cash and cash equivalents	0	0
Foreign Currency translation difference	(66)	(7)
Cash and cash equivalents at the end of the year	513	826

Non-cash financing and investing activities

Acquisition of right of use assets	311	251
Issue of shares for a consideration other than cash [Refer Note 14 (ix)]	-	1,638
Issue of shares through conversion of compulsorily convertible debentures[Refer Note 14 (ix)]	839	-

Cash and cash equivalents comprise the following :

Balances with banks :

In current accounts	362	393
Deposits with maturity of less than three months	151	433
Cash on hand	0	0
Balance as per Statement of cash flows	513	826

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

A. J. Shaikh

Partner

Membership No.: 203637

Place: Bengaluru

Date: September 23, 2023

For and on behalf of the Board of Directors

Rajeev Kaul

Managing Director & Chief Operating Officer (COO)

DIN-01468590

Dinesh Iyer

Chief Financial Officer

Place: Belagavi

Date: September 23, 2023

Ajay Prabhu

Director

DIN-00477195

Ravi Hugar

Company Secretary

M. No. - A20823

Aequs Private Limited
Consolidated 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		2,760
Changes during the year	14	1,200
Balance as at March 31, 2022		3,960
Changes during the year	14	288
Balance as at March 31, 2023		4,248

Shares pending issuance

	Note	Amount
Balance as at April 1, 2021		1,104
Changes during the year	14 (iv)	(1,104)
Balance as at March 31, 2022		-
Changes during the year	14 (iv)	-
Balance as at March 31, 2023		-

B. Other equity

	Note Reference	Reserves and surplus							Total other equity	Non controlling interest
		Retained earnings	Securities premium	Share option outstanding account	Revaluation reserve	Statutory reserve	Foreign Currency translation reserve	Common control reserve	Treasury shares	Other reserves
Balance as at April 01, 2021		(5,098)	3,214	26	173	10	(407)	45	(117)	61
Premium on shares issued during the year	15(ii)	1,929	(9)							
Share issue expenses	15(iii)									
Employee stock option expense	15(iv)			6						
Non controlling interest during the year	15(v)									
Translation of foreign operations	15(vi)									
Financial guarantee received during the year	15(vii)									
Transfer of reserve relating to lapse of vested option to general reserve	15(viii)									
Exercised options proceeds received	15(ix)	2	3	(2)						
Transferred from foreign currency translation	15(x)	(235)								
Movement in loan to ESOP trust	15(xi)									
Common control acquisition	15(xii)									
Sub total		(233)	1,923	4	-	1	228	49	(148)	35
Loss for the year	15(i)	(1,062)								
Other comprehensive income / (loss) for the year	15(ii)	252								
Total		(1,043)	1,923	4	-	1	228	49	(148)	35
Balance as at March 31, 2022		(6,141)	5,137	30	173	11	(179)	94	(265)	96

Continued...



Aequs Private Limited
Consolidated Statement of changes in equity
(All amounts are in INR Millions, except share data, unless otherwise stated)

	Reserves and										Non controlling interest
	Retained earnings	Securities premium	Share option outstanding account	Revaluation reserve	Statutory reserve	Foreign Currency translation reserve	Common control capital reserve	Treasury shares	Other reserves	Total other equity	
Balance as at April 01, 2022											
Premium on shares issued during the year	15(ii)	5,137	30	173	11	(179)	94	(265)	96	(1,044)	(2)
Share issue expenses	15(ii)	551								551	
Employee stock option expense	15(iii)	(2)								(1)	
Non controlling interest during the year	15(x)		22							22	
Translation of foreign operations	15(iv)					(66)					(111)
Financial guarantee received during the year	15(x)								53	(66)	
Transfer of reserve relating to lapse of vested option to general reserve										53	
Sub total	15(i) & 15(iii)	2	(2)							(0)	
Loss for the year	15(i)	2	20			(66)			53	558	(111)
Other comprehensive income / (loss) for the year	15(i)	(988)								(988)	
Total		(974)	20			(66)			53	(418)	(111)
Balance as at March 31, 2023											
		5,686	50	173	11	(245)	94	(265)	149	(1,462)	(113)

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


For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016


A. J. Shaikh
Partner
Membership No.: 203637


Place: Bengaluru
Date: September 23, 2023

For and on behalf of the Board of Directors


Rajeev Kaul
Managing Director & Chief Operating Officer (COO)
DIN-01468590


Dinesh Iyer
Chief Financial Officer

Place: Belagavi
Date: September 23, 2023


Ajay Prabhu
Director
DIN-00477195


Ravi Hugar
Company Secretary
M. No. - A20823

1. Background:

Aequus Private Limited ('the Parent Company') was incorporated on March 27, 2000 and located at Special Economic Zone ('SEZ') Belagavi, Karnataka, India under provisions of the Companies Act, 1956. The Parent Company, along with its subsidiaries, joint ventures and associates (hereinafter collectively referred to as "the Group"), is engaged in the business of contract manufacturing catering to various industries. These units are registered to carry on the operations relating to manufacture of machined parts used in aerospace, engineered plastic products, kitchen and home appliances.

Refer note – 45 for the entities considered for preparation of Consolidated Financial Statements.

2. Significant accounting policies:

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation and presentation

These Consolidated 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.

The Consolidated Financial Statements have been prepared on accrual basis under the historical cost convention, except for the following assets and liabilities, which have been measured at fair value as required by relevant Ind AS:

- Certain financial assets and liabilities are measured at fair value;
- Share-based payments
- Defined employee benefit plans; and
- Assets held for sale measured at lower of cost and fair value less cost to sell.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Based on the nature of products and the time between the acquisition of asset for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current / non- current classification of assets and liabilities.

(i) New and amended standards adopted by the Group

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.

(ii) New and amended standards issued but not effective

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

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

These amendments are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the group's accounting policy already complies with the now mandatory treatment.

b. Principles of consolidation and equity accounting

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company i.e., its subsidiaries. It also includes the Group's share of profits/(loss), net assets and retained post acquisition reserves of joint ventures and associates that are consolidated using the equity method of consolidation.

Control is achieved when the Company is exposed to or has rights to the variable returns of the entity and the ability to affect those returns through its power to direct the relevant activities of the entity.

The results of subsidiaries, joint ventures and associates acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Wherever necessary, adjustments are made to the financial statements of subsidiaries, joint ventures and associates to bring their accounting policies in line with those used by other entities of the Group.



Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying value of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interests having a deficit balance.

c. Business Combination

A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interest method in accordance with Ind AS 103 'Business Combinations'. Other business combinations, involving entities or businesses are accounted for using acquisition method. Consideration transferred in such business combinations is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Goodwill is recognised and is measured as the excess of the sum of the (i) consideration transferred, (ii) the amount of any non-controlling interests in the acquiree, and (iii) the fair value of the acquirer's previously held equity interest in the acquiree, over the net of the consideration date amounts of the identifiable assets acquired and the liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

d. Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or Groups of cash generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

e. Investment in associates

Associates are those enterprises over which the Group has significant influence but does not have control or joint control. Investments in associates are accounted for using the equity method and are initially recognised at cost from the date significant influence commences until the date that significant influence ceases. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and impairment charges, if any. When the Group's share of losses exceeds the carrying value of the associate, the carrying value is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred and where material, the results of associates are modified to conform to the Group's accounting policies.

f. Investment in Joint Ventures

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity where the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

Joint arrangements that involve the establishment of a separate entity in which each co venturer has an interest are referred to as joint ventures. The Group reports its interests in joint ventures using the equity method of accounting whereby an interest in joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture.

When the Group's share of losses exceeds the carrying value of the joint venture, the carrying value is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the joint venture. Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture, unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred and where material, the results of joint ventures are modified to confirm to the Group's accounting policies.



g. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM).

The Group's CODM is identified to be the Managing Director and Chief Operating Officer of the Parent Company, who plans the allocation of resources and assess the performance of the segments. The Group has only one reportable segment 'Contract Manufacturing' to be reported in its financial statements. Refer note 38 for segment information presented.

h. Foreign currency transactions

The Consolidated Financial Statements of the Group are presented in INR, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

For the purpose of presenting the Consolidated Financial Statements, the assets and liabilities of the Company's foreign subsidiaries, associates and joint ventures are expressed in using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operations, all of the accumulated exchange differences in respect of that operations attributable to the Company are reclassified to the consolidated statement of profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operations and translated at the closing rate.

i. Revenue recognition

The Group earns its revenue from sale of manufactured goods. The group has determined that it is a principal in all its arrangements with its customers.

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

The Group does not have any contracts where the period between the transfer of goods or services to the customer and payment by the customer exceeds one year. Accordingly, the Group does not adjust any of the transaction prices for time value of money

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. As a practical expedient, the Group 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.

j. 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 Group 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.



k. Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided, using the 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 realized 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.

l. Leases**As a lessee**

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

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

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

Lease payments to be made under reasonably certain extensions options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, as in the case of lease of buildings, the Group's incremental borrowing rate is used, being the rate that the Group 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 Group 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.



m. Impairment of assets

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

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

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

n. 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.

o. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects group'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 group 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.

p. Inventories

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

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

Costs are assigned to individual items on weighted average cost basis which is calculated on the basis of total cost of raw materials divided by the quantities purchased. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

q. Investments and other financial assets**Classification**

The Group 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 Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Recognition

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

Measurement

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

(a) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (refer note 32 for asset details).



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

Impairment of financial asset

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

A financial asset is derecognized only when

- The Group 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 Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

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

Income recognition :

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

r. Property, plant and equipment

All items of property, plant and equipment are stated at historical cost or deemed cost applied on transition to Ind AS less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, net of refundable taxes. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group 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	Useful life (in years)
Leasehold improvements	10 years or lease period, whichever is lower
Plant and machinery	1.5 to 10
Computers	3 to 6
Furniture and fittings	1.5 to 5
Vehicles	10
Office and other equipment	1.5 to 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 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 income/(expenses). When significant spare parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

s. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised. Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment property (building) is depreciated over the estimated remaining useful life of 7 years. The useful life has been determined based on technical evaluation performed by the management's expert.

t. 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 capitalized product developed costs, being an internally generated intangible asset.

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

Asset	Useful life (in years)
Computer software	2 - 10 years
Technical knowhow	5 years

u. Accounting policy on EBITDA

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

v. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group 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 amortized cost using the effective interest method.

w. 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.

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



y. Employee benefits**Short-term obligations**

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

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.

Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, pension obligations (France); and
- (b) defined contribution plans such as provident fund and ESI.

Gratuity obligations

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

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

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

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

Pension obligations (France):

The French pension system is operated on a "pay as you go" basis. Each employee is entitled to receive a basic pension from the Social Security plus a complementary pension from defined contribution schemes ARRCO and AGIRC (solely for management for AGIRC). Moreover, retiring allowances (lump sums) must by law be paid by the employer when employees retire. The defined benefit obligation is calculated annually by actuaries using appropriate criteria applicable in France.

Defined Contribution Plans (India):

The Group pays provident fund contributions to Employees' Provident Fund Organization and ESI contributions to Employees' State Insurance Corporation as per local regulations. The Group 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.

Defined Contribution Plans (United States of America):

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

Share-based payments

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

The total amount to be expensed is determined by reference to the fair value of the options granted:

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

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



z. 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 109 and the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of 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.

aa. Contributed equity

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

bb. Non-current assets held for sale and discontinued operations

Non-current assets held for sale and discontinued operations Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is only met when the sale is highly probable and the asset, or disposal group, is available for immediate sale in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. The Company must also be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Where a disposal group represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, then it is treated as a discontinued operations. The post-tax profit or loss of the discontinued operations together with the gain or loss recognised on its disposal are disclosed as a single amount in the statement of profit and loss, with all prior periods being presented on this basis.

cc. Earnings per share**Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

dd. Provisions and onerous contracts

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 associate with the contract.

ee. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded to nearest millions (Mn) 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 INR 500,000.



3. Critical estimates and judgements

The preparation of Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key assumptions concerning the future and other key sources of estimation, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, within the next financial year, are described below.

The group's assumptions and estimates are based on parameters available at the time of preparation of financial statements. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Employee benefit plans

The cost of the defined benefit plan and other employment benefits plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(b) Estimation of deferred tax expenses/benefits

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.

(c) Impairment of non-financial assets including Goodwill

Impairment exists when the carrying value of an asset or Cash-Generating Unit (CGU) exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on Discounted Cash Flow (DCF) model. The cash flows are derived from the projections for the next five years have been extrapolated to demonstrate the tapering of growth rate for computation of perpetual cash flows. These cashflows are considered as a base to arrive at the value of perpetuity. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company.

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Note 4 - Property, Plant and Equipment as at March 31, 2023

	Gross carrying amount						Accumulated Depreciation						Net Carrying Amount as at March 31, 2023		
	As at April 1, 2022	On account of business combination	Additions	Disposals	Adjustment (refer note c)	Exchange differences	As at March 31, 2023	As at April 1, 2022	On account of business combination	Additions	Disposals	Adjustment (refer note c)		Exchange differences	As at March 31, 2023
Leasehold improvements	50	-	8	-	-	-	58	21	-	7	-	-	-	28	30
Plant and machinery	2,426	-	808	(51)	-	22	3,205	1,196	-	309	(31)	-	9	1,483	1,722
Computer equipment	95	-	28	(1)	-	-	122	68	-	14	(1)	-	(2)	79	43
Office equipment	50	-	9	-	-	1	60	32	-	7	-	-	1	40	20
Furniture and fittings	1	-	-	-	-	-	1	1	-	-	-	-	-	1	-
Vehicles	2	-	-	-	-	-	2	2	-	-	-	-	-	2	-
Total	2,624	-	853	(52)	-	23	3,448	1,320	-	337	(32)	-	8	1,633	1,815

Property, Plant and Equipment as at March 31, 2022

	Gross carrying amount						Accumulated Depreciation						Net Carrying Amount as at March 31, 2022		
	As at April 1, 2021	On account of business combination	Additions	Disposals	Adjustment (note c below)	Exchange differences	As at March 31, 2022	As at April 1, 2021	On account of business combination	Additions	Disposals	Adjustment (note c below)		Exchange differences	As at March 31, 2022
Leasehold Improvements	37	7	4	-	-	2	50	16	1	4	-	-	0	21	29
Plant and machinery	1,776	468	162	(11)	(12)	43	2,426	833	157	220	(10)	(1)	(3)	1,196	1,230
Computer equipment	75	9	11	(1)	1	0	95	49	6	14	(1)	-	0	68	27
Office equipment	33	9	5	0	-	3	50	20	6	5	-	-	1	32	18
Furniture and fittings	2	1	-	-	-	(2)	1	2	1	0	-	-	(2)	1	0
Vehicles	2	-	-	-	-	(0)	2	1	-	-	-	-	1	2	0
Total	1,925	494	182	(12)	(11)	46	2,624	921	171	243	(11)	(1)	(3)	1,320	1,304

a. Refer to note no 43 for information on property, plant and equipment pledged as security.

b. Refer to note no 36 for disclosure of contractual commitments for the acquisition of property, plant and equipment

c. Adjustment to plant and machinery represents reclassification of accumulated foreign exchange gain/loss from property, plant and equipment to Right of use asset.



Note 4A - Capital Work-in-progress

	As at April 1, 2021	Additions	Transfer	As at March 31, 2022	As at April 1, 2022	Additions	Transfer	Asset held for sale	As at March 31, 2023
Capital work in progress	3	22	(3)	22	22	45	(22)	(29)	16
Assets held in a disposal group classified as 'Held for Sale' - Refer note 47.									

Aging of CWIP 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
Projects in progress	16	0	-	-
Projects temporarily suspended				
TOTAL	16	0	-	-

Aging of CWIP 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
Projects in progress	19	3	-	-
Projects temporarily suspended	-	-	-	-
TOTAL	19	3	-	-

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Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)

Note 4B - Investment Property as at March 31, 2023

Particulars	Gross carrying amount					Accumulated Depreciation				Net Carrying Amount as at March 31, 2023	
	As at April 1, 2022	Additions	Disposals	Exchange differences	As at March 31, 2023	As at April 1, 2022	Deletions	Additions	Exchange differences		As at March 31, 2023
Land and Building	185	-	-	12	197	100	-	25	8	133	64
Total	185	-	-	12	197	100	-	25	8	133	64

Investment Property as at March 31, 2022

Particulars	Gross carrying amount					Accumulated Depreciation				Net Carrying Amount as at March 31, 2022	
	As at April 1, 2021	Additions	Disposals	Exchange differences	As at March 31, 2022	As at April 1, 2021	Deletions	Additions	Exchange differences		As at March 31, 2022
Land and Building	185	-	-	0	185	76	-	26	(2)	100	85
Total	185	-	-	0	185	76	-	26	(2)	100	85

Notes

(a) Amounts recognised in profit or loss for investment properties.

	Year ended	
	March 31, 2023	March 31, 2022
Rental income from operating leases	12	11
Depreciation	25	26

(b) Leasing arrangements

The investment properties are leased to tenant under operating lease with rentals payable monthly. Lease payments include increase to compensate for inflation, but there are no other variable lease payments that depend on an index or rate.

Minimum lease payments receivable on leases of investment properties are as follows:

	Year ended	
	March 31, 2023	March 31, 2022
Within 1 year	2	11
Between 1 and 5 years	-	45
	2	56



Notes to consolidated financial statements for the year ended March 31, 2023

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

	As at	
	March 31, 2023	March 31, 2022
	246	251

(d) Fair value of investment property

The Group undertakes independent valuation for its investment property from independent valuator at reasonable intervals. Management considers information such as current prices in the market or recent prices of similar properties in less active markets, adjusted to reflect differences, if any to evaluate the fair value of investment property as at each year-end.

(e) Refer to note no 55(ii) for subsequent event note on sale of investment property



Note 5 - Right of use assets as at March 31, 2023

	Gross carrying amount					Accumulated Amortisation					Net Carrying Amount as at March 31, 2023
	As at April 1, 2022	On account of business combination	Additions	Disposals	Adjustment (Refer note b)	Exchange differences	As at March 31, 2023	As at March 31, 2023	Exchange differences	Adjustment	
Building	2,132	-	1,450	(205)	-	3	3,380	705	-	(111)	899
Plant and machinery	2,895	-	63	-	23	27	3,008	1,026	-	-	1,320
Total	5,027	-	1,513	(205)	23	30	6,388	1,731	-	(111)	4,169

Note 5 - Right of use assets as at March 31, 2022

	Gross carrying amount					Accumulated Amortisation					Net Carrying Amount as at March 31, 2022
	As at April 1, 2021	On account of business combination	Additions	Disposals	Adjustment (Refer note a and note b)	Exchange differences	As at March 31, 2022	As at April 1, 2021	On account of business combination	Additions	
Building	1,239	882	12	-	-	(1)	2,132	316	220	170	705
Plant and machinery	2,654	-	251	-	(2)	(8)	2,895	768	-	266	1,026
Total	3,893	882	263	-	(2)	(9)	5,027	1,084	220	436	3,296

a. Refer note 4c

b. Right of use assets includes INR 23 (March 2022: INR (15)) towards net exchange loss/ (gain) capitalised during the year.

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Note 6 - Intangible Assets as at March 31, 2023

Particulars	Gross carrying amount						Accumulated Amortisation						Net Carrying Amount as at March 31, 2023
	As at April 1, 2022	On account of business combination	Additions	Disposals	Adjustment	Exchange differences	As at March 31, 2023	On account of business combination	Additions for the year	Disposals	Adjustment	Exchange differences	
Software	148	-	9	-	-	(3)	154	-	14	-	-	(2)	99
Technical knowhow	166	-	14	(17)	-	-	163	-	30	(17)	-	(3)	84
Customer Rights and Others	101	-	-	(101)	-	-	-	-	-	(101)	-	0	-
Total	415	-	23	(118)	-	(3)	317	-	44	(118)	-	(5)	183
Goodwill	653	-	-	-	-	2	655	-	-	-	-	-	655

Intangible Assets as at March 31, 2022

	Gross carrying amount						Accumulated Amortisation						Net Carrying Amount as at March 31, 2022
	As at April 1, 2021	On account of business combination	Additions	Disposals	Adjustment	Exchange differences	As at March 31, 2022	On account of business combination	Additions for the year	Disposals	Adjustment	Exchange differences	
Software	136	20	7	-	(9)	(6)	148	5	14	-	(1)	(2)	87
Technical knowhow	97	-	58	-	9	2	166	-	26	-	1	(1)	74
Customer Rights and Others	93	-	-	-	-	8	101	-	-	-	-	7	101
Total	326	20	65	-	-	4	415	5	40	-	0	4	262
Goodwill	22	631	-	-	-	-	653	-	-	-	-	-	-
													653

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

b. Refer to note no 36 for disclosure of contractual commitments for intangible assets

c. Depreciation on software amounting to INR 0 (March 31, 2022: INR 1) has been capitalised towards technical know how and intangible assets under development.

d. Impairment tests for goodwill

(i) Goodwill is monitored by management at the subsidiary/business level since the Company has a single operating segment.

(ii) Significant estimate: key assumptions used for value-in-use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates.

The following are the key assumptions for the business that has significant goodwill allocated:

	AFCPL	AAI
(i) Annual sales Growth rate over the forecast period - based on past performance and management's expectations of the market	Average of 35%	Average of 10%
(ii) Long-term growth rate used to extrapolate cash flows beyond the forecast period. This is consistent with the industry reports.	5%	5%
(iii) Discount rate	15.10%	17.20%
(iv) Significant estimate: Impact of possible changes in key assumptions -A 0.5% decrease in sales growth rate will lead to a change in the entity's valuation by: -A 0.5% decrease in terminal growth rate will lead to a change in the entity's valuation by:	24 million 79 million	11 million 16 million



Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)

Note 6A - Intangible assets under development

	As at April 1, 2021	Additions	Transfer	Effect of foreign currency exchange differences	As at March 31, 2022	As at April 1, 2022	Additions	Transfers	Effect of foreign currency exchange differences	As at March 31, 2023
Software	0	1	(0)	(0)	1	1	0	(1)	-	0
Technical knowhow	18	2	(17)	0	3	3	4	(3)	-	4
Total	18	3	(17)	(0)	4	4	4	(4)	-	4

Note: Intangible assets under development mainly comprises of cost of software implementation under progress and cost incurred towards new products under development.

Intangible assets under development ageing schedule

Ageing as of March 31, 2023

	Amount in intangible assets under			Total
	Less than 1 year	1 - 2 Years	More than 3 Years	
Intangible assets under development				
Projects in progress	4	-	-	4
Projects temporarily Suspended	-	-	-	-
Total	4	-	-	4

Ageing as of March 31, 2022

	Amount in intangible assets under			Total
	Less than 1 year	1 - 2 Years	More than 3 Years	
Intangible assets under development				
Projects in progress	4	-	-	4
Projects temporarily Suspended	-	-	-	-
Total	4	-	-	4

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Note 7 - Investments**Investment in equity instruments (Fully paid up)****Unquoted****(A) Investment in equity instruments of Associates**

Aequus Foundation

0 0

(B) Investment in equity instruments of joint ventures

Aerospace Processing India Private Limited

139 131

SQuAD Forging India Private Limited

436 371

Aequus Rajas Extrusion private limited

0 0

Net investment**575 502****Notes:**

i. Investment in Aerospace Processing India Private Limited includes INR 5 (March 31, 2022: INR 5) towards fair value of financial guarantee extended.

ii. Investment in SQUAD Forging India Private Limited includes INR 52 (March 31, 2022: INR 43) towards fair value of financial guarantee extended.

iii. Investment in the following entities includes ESOP cost cross charged:

	As at March 31, 2023	As at March 31, 2022
SQuAD Forging India Private Limited	1	0
Aerospace Processing India Private Limited	0	0

Note 8 - Non -Current Investment**Unquoted**

Investment in government securities

1 1
1 1**Note 9 (i) - Loans****Non current**

Loans to related party

6 8

Less: Loss allowance

(6) -

8**Current**

Loans to related party

- 61

Less: Loss allowance

- -

Other Loans

- 0

Total**61****Break up of security details**

Loans considered good- unsecured

- 69

Loans which have significant increase in credit risk

- -

Loans- credit impaired

6 -

Total**6 69**

Less: Loss allowance

(6) -

Total loans**69****Note:**

(i). Following loans were granted to related parties which are repayable on demand:

Aggregate of loans/advances in nature of loan repayable on demand

- 61

Aggregate of loans/advances in nature of loan where agreement does not specify any terms or period of repayment

- -

Percentage of loans/advances in nature of loan to the total loans

- 88%

(ii). Loan to related party of INR 6 represents loans given to Aequus Rajas Extrusion Private Limited (AREPL) carrying an interest rate of 12% p.a. The loan is repayable within 48 months after the end of moratorium period of 12 months from the date of disbursement. The Parent company has an option to convert the borrowing, either fully or partially to be converted in equity share capital in the event of default.

(iii). Previous year figures have been reclassified for better presentation.



Notes to consolidated financial statements for the year ended March 31, 2023

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

As at
March 31, 2023

As at
March 31, 2022

Note 9 (ii) - Trade Receivables

Trade receivables from other than related parties	1,071	1,082
Receivables from related parties	41	7
Less: Loss allowance	(41)	(36)
Total receivables	1,071	1,053

Break up of security details

Trade receivables considered good - unsecured	1,071	1,053
Trade receivables - credit impaired	41	36
	1,112	1,089
Less: Loss allowance	(41)	(36)
Total trade receivables	1,071	1,053

Refer note 43 for lien/charge against trade receivables

Ageing of Trade receivables as on March 31, 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables							
Considered good	882	159	28	1	1	0	1,071
Which have significant increase in credit risk	2	2	13	18	6	0	41
credit impaired	-	-	-	-	-	-	-
Disputed trade receivables							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-
Total	884	161	41	19	7	0	1,112
Less Loss allowance	(2)	(2)	(13)	(18)	(6)	(0)	(41)
Total trade receivables	882	159	28	1	1	0	1,071

Ageing of Trade receivables as on March 31, 2022.

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables							
Considered good	905	148	0	0	0	0	1,053
Which have significant increase in credit risk	1	19	3	0	11	0	36
credit impaired	-	-	-	-	-	-	-
Disputed trade receivables							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
credit impaired	-	-	-	-	-	-	-
Total	906	167	3	0	11	0	1,089
Less Loss allowance	(1)	(19)	(3)	(0)	(11)	(0)	(36)
Total trade receivables	905	148	0	0	0	0	1,053

Note 9 (iii) - Cash and Cash Equivalents**Balances with banks:**

In current accounts	362	393
Deposits with maturity of less than 3 months	151	433
Cash on hand	0	0
Total	513	826

Note:

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



Notes to consolidated financial statements for the year ended March 31, 2023

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

	As at March 31, 2023	As at March 31, 2022
Note 9 (iv) - Bank Balance other than above		
Margin money deposits	53	12
Deposits with original maturity of more than 3 months but less than 12 months	8	18
Total	61	30

Note: Margin money deposits are against letter of credit issued in favour of domestic and foreign vendors.

Note 9 (v) - Other Financial Assets**Non current**

Non current bank balances	2	5
Security deposits	335	309
Total	337	314

Current

Recoverable from related parties	51	40
Unamortized financial guarantee receivables	3	2
MEIS receivable	14	17
Security deposits	-	4
Other assets	9	-
Less: Provision for doubtful assets	(41)	(41)
Total	36	22

Note: Previous year figures have been reclassified for better presentation.

Provision for doubtful assets includes,

Expected credit loss for Recoverable from a related party	(27)	(27)
Provision for Doubtful export incentives receivable	(14)	(14)
Total	(41)	(41)

Note 10 - Other Assets**Non current**

Capital advances	51	38
Prepaid expenses	28	69
Balance with statutory authorities	1	13
Provision for doubtful balances with statutory authorities	(1)	(1)
Total	79	119

Current

Advance to suppliers	57	105
Advances to employees	4	4
Prepaid expenses	72	66
Sundry advances	2	5
Balance with statutory authorities	181	127
Other current assets	-	3
Provision for doubtful balances with statutory authorities	(1)	(5)
Total	315	305

Note:

Previous year figures have been reclassified for better presentation

Note 11 - Deferred tax assets

MAT credit entitlement	95	98
Deferred tax assets / (liability)	214	264
Total	309	362

Note:

Previous year figures have been reclassified for better presentation

Note 11A Current Tax assets

Income tax assets	27	18
Total	27	18

Note:

Previous year figures have been reclassified for better presentation



Notes to consolidated financial statements for the year ended March 31, 2023

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

	As at March 31, 2023	As at March 31, 2022
Note 12 - Inventories (At lower of cost and net realisable value)		
Raw materials	1,392	850
[Goods in transit: INR 142 (March 31, 2022: INR 78)]		
Work-in-progress	920	681
Finished goods	842	688
Stores and spares	135	200
[Goods in transit: INR 2 (March 31, 2022: INR 9)]		
Less: Provision for slow moving inventory	(304)	(272)
Total	2,985	2,147

Note:

- a. For lien/charge against inventories refer note 43
- b. Write-down of inventories to net realizable value amounted to INR 12 / (March 31, 2022: INR 30). These were recognized as an expense during the year and included in 'changes in inventories of work-in-progress and finished goods' in the statement of profit and loss.

- c. Provision for slow moving inventory includes provision in respect of:

Raw materials	(135)	(137)
Finished goods	(58)	(61)
Work-in-progress	(62)	(42)
Stores and spares	(49)	(32)
	(304)	(272)

Note 13 - Contract assets and contract liabilities**Current**

Contract assets

1 9

Total**1 9****Contract liabilities**

Advance from customers

161 33

Unearned revenue

4 9

Total**165 42****Note:**

Contract liabilities represent unearned revenue and advance payments received from customers.

Contract Assets represent entities right to consideration in exchange for goods or services transferred to customer when that right is conditioned on something other than the passage of time.

Revenue recognised that was included in contract liability balance as at the beginning of the period:

Sale of goods 42 81

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Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 14 - Equity share capital

(i) **Authorised equity share capital**

	No of shares	Amount
As at April 1, 2021	286,250,000	2,863
Increase during the year	145,210,000	1,452
As at March 31, 2022	431,460,000	4,315
Increase during the year	-	-
As at March 31, 2023	431,460,000	4,315

(ii) Authorised Compulsorily Convertible Preference Share Capital

As at April 1, 2022		
Increase during the year	160,000,000	1,600
As at March 31, 2023	160,000,000	1,600

(iii) Issued, subscribed and fully paid up equity share capital

	As at March 31, 2023	As at March 31, 2022
(iii) Issued, subscribed and fully paid up equity share capital		
Issued, subscribed and fully paid up equity share capital	4,248	3,960
424,758,026 (March 31, 2022: 395,958,100) equity shares of INR 10/- each fully paid up [Refer Note: vi(c) below]		
Total issued, subscribed and fully paid-up equity share capital	4,248	3,960

Total issued, subscribed and fully paid-up equity share capital

Note:

- a. Previous year figures have been reclassified for better presentation
b. Refer note 16(i) for Issued, subscribed and fully paid up compulsorily convertible preference shares

(iv) **Shares pending issuance**

Opening balance	-	1,104
Addition during the year	-	-
Shares issued during the year	-	(1,104)
Closing balance	-	-

Note : Shares pending issuance represents the consideration payable to AMIPL, in the form of equity shares of the Parent Company, towards acquisition of commonly controlled entities viz., AEPPL & ACPPL.

(v) Movement in equity share capital

	As at March 31, 2023		As at March 31, 2022	
	In Numbers	Amount	In Numbers	Amount
At the beginning of the year	395,958,100	3,960	275,976,490	2,760
Preferential issue during the year	28,799,926	288	119,981,610	1,200
Outstanding at the end of the year	424,758,026	4,248	395,958,100	3,960

(vi) Terms and rights attached to equity shares

- a. The Parent Company has only one class of equity shares having par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
- b. In the event of liquidation of the Parent Company, equity share holders are eligible to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- c. The issued, subscribed and fully paid-up equity share capital includes 150 (March 31, 2022: Nil) equity shares of INR 10/- each fully paid up issued to private equity investors carry certain exit rights as per Shareholders Agreement dated March 24, 2023.

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

	Number of equity shares	% holding
As at March 31, 2023		
Aequus Manufacturing Investments Private Limited	263,837,003	62.11%
Melligeri Private Family Foundation	114,431,505	26.94%
As at March 31, 2022		
Aequus Manufacturing Investments Private Limited	236,689,151	59.78%
Melligeri Private Family Foundation	114,431,405	28.90%



(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 Manufacturing Investments Private Limited	263,837,003	62.11%	2.33%
Melligeri Private Family Foundation	114,431,505	26.94%	-1.96%

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 Manufacturing Investments Private Limited	236,689,151	59.78%	16.47%
Melligeri Private Family Foundation	114,431,405	28.90%	-13.63%

(ix) Aggregate number of shares issued for consideration other than cash

	As at March 31, 2023	As at March 31, 2022
Number of equity shares		
Shares issued as consideration for acquisition of investments (Refer note below)	-	62,783,589
Shares allotted through the conversion of Compulsorily Convertible Debentures	28,799,776	-

Note: During FY2021-22 the Company purchased the following securities held by Aequs Manufacturing Investments Private Limited in the respective entities as under:

Investee company	Nature of securities	No of securities of investee company	Investment value acquired	No of shares of APL issued
Aequs Engineered Plastics Private Limited	Equity shares	92,093,337	1,031	39,518,980
Aequs Force Consumer Products Private Limited	Equity shares	32,087,355	327	12,539,886
Aequs Consumer Products Private Limited	Equity shares	7,117,373	73	2,781,502
Aequs Force Consumer Products Private Limited	Compulsory Convertible Debentures(CCD)	20,325,300	207	7,943,221
		151,623,365	1,638	62,783,589

(x) During the year ended March 31, 2023 the Parent Company issued 18,961,938 (March 31, 2022: Nil) equity shares of INR 10 each fully paid up at premium of INR 18.90 (March 31, 2022: Nil) per share and 9,837,838 equity shares of INR 10 each fully paid up at premium of INR 19.60 (March 31, 2022: Nil) per share through conversion of compulsorily convertible debentures.

(xi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 14(xvi).

ESOP Trust was created for the welfare and benefit of employees, consultants and directors of the Company. The Board of Directors has approved the employee stock option plan of the Company. On October 25, 2013, July 25, 2016, December 15, 2021 and December 22, 2021 the trust purchased 5,500,000, 2,900,000, 3,000,000 and 3,000,000 equity shares respectively of the Company using the proceeds from interest free loan of INR 235 obtained from the Company.

(xii) During the year ended March 31, 2023 the Company issued 150 (March 31, 2022: 119,981,610) equity shares of INR 10 each fully paid up at premium of 12.40 (March 31, 2022: 16.1) per share.

(xiii) 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.

(xiv) There are no shares which are reserved for issuance and there are no securities issued/ outstanding which are convertible into equity shares, except Compulsorily Convertible Preference Shares [refer note 16(i)]



Aequs Private Limited**Notes to consolidated financial statements for the year ended March 31, 2023**

CIN : U80302KA2000PTC026760

(All amounts are in INR Millions, except share data, unless otherwise stated)**(xv). Stock option plan**

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

The Parent Company provides share-based payment schemes to its employees. During the year ended March 31, 2023 four stock option plans (ESOP) viz., ESOP scheme 2013, ESOP scheme 2016, ESOP scheme 2020 and ESOP scheme 2022 were in existence. ESOP scheme is administered through and ESOP trust called as "Aequs Stock Option Plan Trust" ('ESOP Trust') that has been constituted on May 14, 2013. The object of the ESOP Trust is to manage schemes made available for the benefit of the employees. Vesting under each of these schemes is subject to satisfaction of the prescribed vesting conditions viz., continuing employment of 5 years, employee performance, business performance and achieving of target share price by the Company. These vesting conditions vary depending on the role and seniority of the employees. The relevant details of the schemes and the grants are listed separately as below :

ESOP Scheme 2013

On July 4, 2013, the Board of Directors approved the equity settled ESOP scheme 2013 for issue of stock options to the key employees, consultants and directors of the Company and its subsidiaries, joint ventures and associates. According to the ESOP scheme 2013, the employee selected by the ESOP committee from time to time will be entitled to 20,000 to 500,000 options, subject to satisfaction of the prescribed vesting conditions viz., continuing employment of 5 years, employee performance and certain market conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 11-15 years. The other relevant terms of the grant are as below :

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

Particulars	March 31, 2023			March 31, 2022	
	Exercise price range	Number of shares	WAEP (INR)	Number of shares	WAEP (INR)
Options outstanding at beginning of year	10 - 26	4,243,126	18.83	3,177,647	12.32
Add:					
Options granted during the year	10 - 26	-	-	1,909,455	26.03
Less:					
Options exercised during the year	10 - 26	-	-	(762,727)	10.04
Options forfeited during the year	10 - 26	(408,313)	10.00	(81,249)	10.00
Options outstanding at the end of year	10 - 26	3,834,813	18.61	4,243,126	18.83
Option exercisable at the end of year		2,269,544		2,333,671	

ESOP Scheme 2016

The Board of Directors approved the Employee Share Option Plan 2016 structured to reward employees. Accordingly, the Parent Company has created 2,900,000 share option pool to be allocated and granted from time to time to employees. As Employee Stock Option Plan (ESOP) committee has been formed with powers delegated from the Board of Directors to manage the ESOP scheme.

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

	March 31, 2023			March 31, 2022	
	Exercise Price	Number of shares	WAEP (INR)	Number of shares	WAEP (INR)
Options outstanding at beginning of year	24 - 40	2,776,852	28.00	1,667,843	30.84
Add:					
Options granted during the year	24 - 40	-	-	1,440,000	26.09
Less:					
Options exercised during the year	24 - 40	(7,000)	23.78	(82,803)	25.60
Options forfeited during the year	24 - 40	(227,625)	11.83	(248,188)	11.83
Options outstanding at the end of year	24 - 40	2,542,227	28.24	2,776,852	28.00
Option exercisable at the end of year		1,415,775		1,296,852	



Aequus Private Limited**Notes to consolidated financial statements for the year ended March 31, 2023**

CIN : U80302KA2000PTC026760

(All amounts are in INR Millions, except share data, unless otherwise stated)**ESOP Scheme 2020**

The Board of Directors approved the Employee Share Option Plan 2020 structured to reward employees. Accordingly, the Parent Company has created 3,000,000 share option pool to be allocated and granted from time to time to employees. As Employee Stock Option Plan (ESOP) committee has been formed with powers delegated from the Board of Directors to manage the ESOP scheme.

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

	March 31, 2023			March 31, 2022	
	Exercise Price	Number of shares	WAEP (INR)	Number of shares	WAEP (INR)
Options outstanding at beginning of year	26 - 26	3,000,000	26.10	-	-
Add:					
Options granted during the year	26 - 26	-	-	3,000,000	26.10
Less:					
Options exercised during the year	26 - 26	-	-	-	-
Options forfeited during the year	26 - 26	-	-	-	-
Options outstanding at the end of year	26 - 26	3,000,000	26.10	3,000,000	26.10
Option exercisable at the end of year		268,548		0.00	

ESOP Scheme 2022

The Board of Directors approved the Employee Share Option Plan 2022 structured to reward employees. Accordingly, the Parent Company has created 6,000,000 share option pool to be allocated and granted from time to time to employees. As Employee Stock Option Plan (ESOP) committee has been formed with powers delegated from the Board of Directors to manage the ESOP scheme.

The details of activity under the ESOP scheme 2022 are summarised below :

	March 31, 2023			March 31, 2022	
	Exercise Price	Number of shares	WAEP (INR)	Number of shares	WAEP (INR)
Options outstanding at beginning of year	26 - 30	1,805,000	26.10	-	-
Add:					
Options granted during the year	26 - 30	275,000	29.35	1,805,000	26.10
Less:					
Options exercised during the year	26 - 30	-	-	-	-
Options forfeited during the year	26 - 30	(35,000)	26.10	-	-
Options outstanding at the end of year	26 - 30	2,045,000	26.54	1,805,000	26.10
Option exercisable at the end of year		171,290		0	

The following Table lists the input used for the options as on grant date:-

Particulars	Options
Expected Dividend Yield (%)	NIL
Expected Volatility (%)	21.50%
Risk free Interest rate (%)	7%
Weighted Average fair value per Option	28.9
Model Used	Black Scholes Model

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Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 15 - Reserves and Surplus

	As at March 31, 2023	As at March 31, 2022
(i) Retained earnings	(7,115)	(6,141)
(ii) Securities premium	5,686	5,137
(iii) Share options outstanding account	50	30
(iv) Foreign currency translation Reserve	(245)	(179)
(v) Statutory reserve	11	11
(vi) Revaluation reserve	173	173
(vii) Common control capital reserve	94	94
(viii) Treasury shares	(265)	(265)
	(1,611)	(1,140)
(ix) Other reserves	149	96
(x) Non Controlling Interest	(113)	(2)
	(1,575)	(1,046)

(i) Retained earnings

Opening Balance	(6,141)	(5,098)
Net profit/(loss) for the year	(988)	(1,062)
Transfer of reserve relating to lapse of vested option	2	2
Transferred from 'Foreign currency translation reserve'	-	(235)
Items of other comprehensive income recognised directly in retained earnings :		
- Share of OCI of associates and joint ventures	1	0
- Gain on fair value measurement of previously held interest in AAI and AFCPPL	-	241
- Remeasurement of post employment benefit obligations	11	11
Closing balance	(7,115)	(6,141)

* Represents translation adjustment relating to Aequs Aerospace France SAS arising on account of adjustments to the historical exchange rate.

(ii) Securities premium reserve

Opening balance	5,137	3,214
Add: Preferential Issue of equity shares	551	1,929
Exercised options proceeds received	-	3
Less: Utilisation towards share issue expenses	(2)	(9)
Closing balance	5,686	5,137

Note:

Previous year figures have been reclassified for better presentation

(iii) Share options outstanding account

Opening balance	30	26
Employee stock option expense	22	6
Transfer relating to lapse of vested option to Retained Earnings	(2)	(2)
Closing balance	50	30

(iv) Foreign currency translation reserve

Opening balance	(179)	(407)
Currency Translation Reserve for the period	(66)	(7)
Transfer to retained earnings	-	235
Closing balance	(245)	(179)

(v) Statutory Reserve

Opening balance	11	10
Movement for the year	-	1
Closing balance	11	11

(vi) Revaluation Reserve

Opening balance	173	173
Movement during the year	-	-
Closing balance	173	173



Notes to consolidated financial statements for the year ended March 31, 2023

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

	As at March 31, 2023	As at March 31, 2022
(vii) Common control capital reserve		
Opening balance	94	45
Movement for the year	-	49
Closing balance	94	94
(viii) Treasury Shares		
Opening Balance	(265)	(117)
Additions during the year	-	(148)
Closing balance	(265)	(265)
Note:		
Previous year figures have been reclassified for better presentation		
	96	61
(ix) Other Reserves	53	39
Opening balance	-	(4)
Financial guarantee received during the year	149	96
Utilisation towards share issue expenses		
Closing balance	(2)	(48)
Opening balance	(111)	46
Amount reclassified to general reserves	(113)	(2)
Movement for the year		
Closing balance		

Nature and purpose of reserves**a. Securities premium**

Securities Premium is used to record the premium on issue of shares and is utilized in accordance with the provisions of the Act. During the year, the Company has utilized INR 3 (March 31, 2022: INR 9) for share issue expenses.

b. Share options outstanding account

The share options outstanding account is used to recognise the fair value of options issued to employees under Aequus Stock Option Plan.

c. Foreign currency translation reserve

Exchange difference arising on translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

d. Revaluation reserve

Revaluation reserve was created in the prior years to record surplus arising out of revaluation of Property, plant and equipment held by an overseas subsidiary of the Group. This item of property, plant and equipment was transferred to Investment property based on change of use during the year ended March 31, 2021. (Refer Note 4B)

e. Other reserve

Other reserves includes fair value of financial guarantee and any other adjustments as may be required under Ind AS.

f. Statutory reserve

Statutory reserve represents the reserve that Aequus Aerospace France SAS, is maintaining in accordance with the French Commercial Code (the Code). It is not a free reserve and there are certain restrictions with respect to its utilisation under the Code.

g. Common control capital reserve

Common control capital reserve represents the reserve created on acquisition of AEPPL and ACPPL under common control approach as per Ind AS 103-Business Combinations. (Refer Note 37(C))

h. Treasury shares

This represents amount of loan outstanding given to ESOP trust for purchase of the equity shares of the company. This balance has been regrouped as compared to previous year for better presentation.



Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)

Note 16 (i) - Borrowings**Non current:**

Term loans from banks (Secured)

Rupee loan

Foreign currency loan (USD)

Foreign currency loan (Euro)

Compulsorily Convertible Preference Shares (CCPS) (refer note (C) below)

Total

Less: Current maturities of term loans

Less: Interest accrued but not due on borrowings

Non-current borrowings**Current:**

Working capital facilities from banks (Secured)

Loans from related parties (unsecured)

Interest accrued but not due on long term borrowings

Current maturities of term loans

Current borrowings

	As at March 31, 2023	As at March 31, 2022
	706	722
	154	238
	118	107
	575	-
Total	1,553	1,067
	291	215
	9	7
Non-current borrowings	1,253	845
	1,715	1,500
	188	440
	14	7
	291	215
Current borrowings	2,208	2,162

Previous year figures have been reclassified for better presentation.

Notes**(A) Term Loans****Aequus Private Limited(APL)**

1. Indian rupee Term Loan from bank carries interest at 1 Year MCLR + 1.35%p.a and repayable in 48 monthly instalments. Loan is secured by hypothecation of plant and machineries, collateral security over parcel of land owned by Aequus SEZ Pvt Ltd, the personal guarantee of Mr. Aravind Melligeri, Director and corporate guarantee given by Aequus SEZ Private Limited. Loan is closed during the F.Y. 2022-2023 and charge has been filed for modification. The outstanding balance of the loan as on March 31, 2023 is Nil.

2. Guaranteed Emergency Credit Line in the form of Indian rupee Term Loan from bank carries interest at 8.25% p.a. and repayable in 36 monthly instalments after a moratorium of 12 months. Loan is secured by an extension of second ranking charge over existing primary & collateral securities including mortgages created in favour of the Bank, personal guarantee of Mr. Aravind Melligeri, Director and corporate guarantee given by Aequus SEZ Private Limited. The outstanding balance of the above loan as on March 31, 2023 is INR 28.

AeroStructures Manufacturing India Private Limited(ASMPIL)

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 and corporate guarantee given by M/s. Aequus Private Limited (restricted to the extent of INR 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 INR.17.

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 and corporate guarantee given by M/s. Aequus Private Limited (restricted to the extent of INR 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 INR.23.

3. 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 extension of second charge over Primary and secondary securities Including Mortgage Created in favour of bank. The outstanding balance of the loan as on 31-03-2023 is INR. 125.

4. 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 Aequus 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 INR. 85.

5. Axis Bank: ECLGS Loan taken by the Company carries an interest at REPO + 4.85% p.a. and is repayable in 47 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 INR. 126.

Aequus Aerospace France SAS

Foreign currency loans taken by AAFSAS in Euros carry interest rates from 2.03% to 2.25% p.a. The loans are repayable over 5 to 7 years. Loan from BPI France, HSBC and Credit Cooperatif is guaranteed for 80% by the National Guarantee Fund of the High Balance Sheet Enhancement Loans, and loans from Codefi and Region are without Guarantee loans. The outstanding balance of the loan as on March 31, 2023 is Euro 1,090,524.



Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****Aequs Aerospace BV (AABV)**

USD Term Loan from Exim bank carries interest at USD Overnight SOFR rate Plus 495 basis points and repayable in 28 quarterly instalments. Loan is secured by hypothecation of plant and machinery, collateral security over parcel of land owned by Aequs SEZ Pvt Ltd, Pledge of shares of Aequs Holding France SAS held by Aequs Aerospace BV, Netherlands, Pledge of Shares of SIRA SAS France held by Aequs Holding France SAS, CG of ASMIPL & ASEZ, personal guarantee of Mr. Aravind Melligeri. The outstanding balance of the loan as on March 31, 2023 is Euro 1,991,733.

Koppal Toys Molding COE Private Limited

Canara Bank: Term loan taken by the Company carries an interest at -Present RLLR 9.25% + 3%+0.4%, and over repayable in 5 years monthly instalments(Including repayment holiday period of 12 months) and is secured by hypothecation of plant & machinery/equipments. M/s Aequs Private Limited provides corporate guarantee. The outstanding balance of the loan as on March 31, 2023 is INR 25.

Aequs Engineered Plastics Private Limited**INR loan from banks**

1. The ECLGS rupee loan consists of Working Capital Term Loan (WCTL) from bank with outstanding balance of INR 33 (March 31, 2022: INR 54) carrying interest at REPO Rate plus 3.90% p.a. The loan is secured by extension of hypothecation of entire primary security available for existing Securities, Collateral: Extension of Second Charge on existing security situated at Aequs SEZ, 437/A, Hattargi Village, Hukkeri Taluk, Belagavi in the name of Aequs SEZ Private Limited. The loan has 100 % guarantee from National Credit Guarantee Trustee Company Limited (NCGTC). The term loan is repayable in 36 monthly instalments post moratorium period of 12 months from the date of disbursement of the loan, making the total term of the loan 48 months.

2. The ECLGS rupee loan consists of WCTL from bank with outstanding balance of INR 33 (March 31, 2022: INR 33) carrying interest at REPO Rate plus 4 % p.a. The loan is secured by extension of hypothecation of entire primary security available for existing Securities, Collateral: Extension of Second Charge on existing security situated at Aequs SEZ, 437/A, Hattargi Village, Hukkeri Taluk, Belagavi in the name of Aequs SEZ Private Limited. The loan has 100 % guarantee from NCGTC. The term loan is repayable in 36 monthly instalments post moratorium period of 24 months from the date of disbursement of the loan, making the total term of the loan 60 months.

Foreign currency loan from banks

3. A secured foreign currency loan from bank with outstanding balance NIL (March 31, 2022: \$0.13 Mn) carrying interest at 6M SOFR +300 basis points p.a. The loan is secured by hypothecation of entire PPE acquired or to be acquired out of bank finance in the name of the Company. Collateral security includes registered equitable mortgage on SEZ Land situated at Aequs SEZ, 437/A, Hattargi Village, Hukkeri Taluk, Belagavi in the name of Aequs SEZ Private Limited. The loan is also secured by the corporate guarantee by Aequs SEZ Private Limited. The term loan is repayable in 72 monthly instalments. During the year, the loan has been repaid and full and a no dues certificate has been obtained from the bank. An amount of Nil (March 31, 2022: 2) and Nil (March 31, 2022: 1) have been adjusted against this loan on account of unamortised processing fees and unamortised financial guarantee expense respectively.

4. A secured foreign currency loan from bank with outstanding balance \$ 0.29 Mn (March 31, 2022 : \$ 0.54 Mn) carrying interest at 6M SOFR +300 basis points p.a. The loan is secured by hypothecation of entire PPE acquired or to be acquired out of bank finance in the name of the Company. Collateral security includes registered equitable mortgage on SEZ Land situated at Aequs SEZ, 437/A, Hattargi Village, Hukkeri Taluk, Belagavi in the name of Aequs SEZ Private Limited. The loan is also secured by the corporate guarantee by Aequs SEZ Private Limited. The Term loan is repayable in 55 monthly instalments. An amount of INR 2 (March 31, 2022: INR 2) has been adjusted against this loan on account of unamortised financial guarantee expense.

Aequs Toys Private Limited

Term Loan from HDFC bank with outstanding amount of INR 109 (March 31, 2022: INR Nil) carries interest at T-BILL - 90 DAYS+2.58% p.a. and repayable in 6 years 6 months, monthly instalments(Including 6 months moratorium period) Loan is secured by an exclusive charge on movable fixed assets and current assets of the company, exclusive charge on building owned by MFRE Private Trust, personal guarantee of Mr. Aravind Melligeri, Director of Aequs Private Limited and corporate guarantee given by Aequs Private Limited and MFRE Private Trust. An amount of INR 35 (March 31,2022: INR Nil) and INR 1 (March 31, 2022: INR Nil) have been adjusted against loan on account of unamortised financial guarantee expense and unamortised processing fees respectively.

Margin money deposit of INR 14 kept as lien for the term loan [refer note 9(iv)].

Aequs Consumer Products Private Limited

1. HDFC Bank: Term loan taken by the Company carries an interest at 1YRS MCLR + 2.50% 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 and corporate guarantee given by M/s. MFRE Private Trust to the extent of value of the property which is provided as collateral. The outstanding balance of the loan as on March 31, 2023 is INR 37.

2. Canara Bank: Term loan taken by the Company carries an interest at -Present RLLR 8.30% + 3% CRP over RLLR+0.8% Liquidity premium and is repayable in 8 years 6 months monthly instalments(Including repayment holiday period of 18 months) and is secured by hypothecation of plant & machinery/equipments, Miscellaneous Assets and electrical installation, collateral security over parcel of land & building owned by M/s Aequs SEZ private limited, the personal guarantee of Mr. Aravind Melligeri and corporate guarantee given by M/S Aequs SEZ Private Limited and M/S Aequs Private Limited to the extent of value of the property which is provided as collateral. The outstanding balance of the loan as on March 31, 2023 is INR 27.

3. The term loan is reduced by Ind AS adjustments for unamortised financial guarantee received amounting to INR 3 (March 31,2022: INR 3)



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

Aegus Private Limited

2. OD against third party deposit (FCNR): Over draft facility is secured primarily by Lien on FCNR deposit. Over draft facility carry interest rate of 12.15% p.a. Facility is closed in Mar-23.

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

4. The working capital loan is reduced by Ind AS adjustments for unamortised financial guarantee received amounting to INR 1 (March 31, 2022: INR 1)

2. Overdraft against third party deposit (FCNR): Over draft facility is secured primarily by Lien on FCNR deposit. Over draft facility carry interest rate of 12.15% p.a. Overdraft facility amounting to INR18 was utilized and closed in March 2023.



Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****Koppal Toys Molding COE Private Limited**

OD against third party deposit (FCNR): Over draft facility is secured primarily by Lien on FCNR deposit. Over draft facility carry interest rate of 12.15% p.a. Facility is closed in March 2023.

Aequs Consumer Products Private Limited

1. Working capital facilities taken by the Company includes Letter of Credit and Cash Credit (CC). Working capital facilities are secured by hypothecation of raw material, semi-finished goods, finished goods, existing and future receivables and other current assets. Collateral security includes, parcel of land owned by M/s.MFRE Private Trust and hypothecation charges on unencumbered plant and machineries and other fixed assets of the Company. Personal guarantee given by Mr. Aravind Melligeri. CC carries interest @ 3MT bill+4.10% p.a.

2. Working capital facilities taken by the Company from CANARA Bank includes Letter of Credit and Cash Credit (CC). Working capital facilities are secured by hypothecation Proposed stock and book debts. Collateral security includes, parcel of land owned by M/s.MFRE Private Trust and hypothecation charges on unencumbered plant and machineries and other fixed assets of the Company. Personal guarantee given by Mr. Aravind Melligeri. These working capital facilities are not yet utilised.

3. Overdraft against third party deposit (FCNR): Overdraft facility is secured primarily by Lien on FCNR deposit. Overdraft facility carry interest rate of 12.15% p.a. This facility is closed at March 31, 2023.

(C) Compulsorily Convertible Preference Shares**March 31, 2023 March 31, 2022****(i) Issued, subscribed and fully paid up Compulsorily Convertible Preference Shares**

Issued, subscribed and fully paid up Compulsorily Convertible Preference Shares

641

57,206,340 (March 31, 2022: Nil) Compulsorily Convertible Preference Shares of INR 11.2/- each fully paid up

Total issued, subscribed and fully paid-up Compulsorily Convertible Preference Shares

641

ii. Shareholders holding more than 5 % of the aggregate CCPS in the Company

Name of Holder	As on March 31, 2023			As on March 31, 2022		
	No. of CCPS	Value of CCPS	% holding	No. of CCPS	Value of CCPS	% holding
Amicus Capital Private Equity I LLP	51,966,240	582	91	-	-	-
Amicus Capital Partners India Fund I	5,240,100	59	9	-	-	-
Total	57,206,340	641	100	-	-	-

iii. The Company has issued first tranche cumulative compulsorily convertible participating preference shares (CCPS) which are held by investors (i.e other than promoters). If declared by the Board, each holder of such CCPS, shall be entitled to receive a preferential cumulative dividend at the rate of 0.1% per annum.

The investors may convert all or part of the CCPS into equity shares any time prior to the expiry of 19 years and 11 months from the date of issuance and allotment or an initial public offering.

As per the shareholders agreement dated March 24, 2023, the Company is required to provide an exit to investors by way of Qualified IPO or through a sale to a financial investor by on or before January 31, 2026, the failure of which will provide the investor the right to require the Company and/or the Promoters to take reasonable efforts to provide an exit to Investors in any other manner. A successful Qualified IPO or sale to a financial investor is not in control of the company, hence it does not have unconditional right to defer the settlement of CCPS beyond January 31, 2026.

Further, the number of equity shares that would be issued to the investors on conversion would be determined based on the EBITDA of the group for the year ending March 31, 2024 with a floor and a cap.

Accordingly, the CCPS is recognised as financial liability and has been accounted for initially at fair value and subsequently at amortised cost.

The carrying amount of a CCPS carried at amortised cost, net of any origination fees and transaction costs. The amortisation is calculated using the effective interest method.

(D) Loans from related parties**Aequs Private Limited**

Loan from related party are unsecured and repayable on demand, availed from Aequs SEZ Private Limited amounting to INR Nil (March 31, 2022 : INR 60). These loans carry an interest rate of 12% p.a. payable monthly.

Aequs Aerospace LLC

Loan taken from Melligeri Investment LLC (MILLC) amounting to INR 16 carries interest rate of 13%p.a & is repayable on demand

Aequs Aerospace BV (AABV)

Loan taken from Aequs Inc amounting to INR 172 carries interest rate of 12.5%p.a & is repayable on demand

Aequs Consumer Products Private Limited

Loan from related party pertains to unsecured loan availed by the company from Aequs SEZ Private Limited Nil (March 31, 2022 : INR 8) with interest @ 12% p.a. These loans are repayable on demand.



Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****Aequs Engineered Plastics Private Limited**

Loan from related party are unsecured and repayable on demand, availed from Aequs SEZ Private Limited amounting to INR Nil (March 31, 2022 : INR 100). These loans carry an interest rate of 12% p.a. payable monthly.

Aequs Force Consumer Products Private Limited

Loan from related party are unsecured and repayable on demand availed from Aequs SEZ Private Limited amounting to INR Nil (March 31, 2022 : INR 118). These loans carry an interest rate of 12% p.a. payable monthly.

(E) Details of quarterly statements of current assets filed by the company with the bank and reconciliation with the books of accounts for year ended March 31, 2023**1. 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	2,053	2,258	(205)	Refer below Note
Sep-22		Inventories	2,100	2,375	(275)	
Dec-22		Inventories	2,220	2,516	(296)	
Mar-23		Inventories	2,569	2,649	(80)	

(a) As per the sanction letter, the Company needs to exclude obsolete inventories and those inventories aged more than 90 days.

However, the Company has excluded inventories in line with the provisioning policy followed by the Company.

(b) The amount declared for the quarter ending March 2023 in the stock statement was before the conclusion of audit. The closing value of inventory was revised due to changes in inventorisation of overheads.

2. 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	Various Banks	Trade receivables	1,034	987	47	Refer notes below
Sep-22		Trade receivables	1,197	1,122	75	
Dec-22		Trade receivables	1,198	1,127	71	
Mar-23		Trade receivables	1,100	1,071	29	

(a) Amounts reported to banks are excluding balances with related parties, foreign exchange adjustments, loss allowance on trade receivables, net of advances, provision for unbilled revenue and certain adjustments made post submission of statement to the bank.

(b) The above amounts pertain to entities in the Group that have availed working capital borrowings in India.

Details of quarterly statements of current assets filed by the company with the bank and reconciliation with the books of accounts for year ended March 31, 2022**1. 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-21	Various Banks	Inventories	1,662	1,840	(178)	Refer below Note
Sep-21		Inventories	1,692	1,901	(209)	
Dec-21		Inventories	1,754	2,001	(247)	
Mar-22		Inventories	1,181	1,817	(636)	

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

(b) The amount declared for the quarter ending March 2022 in the stock statement was before the conclusion of audit. The closing value of inventory was revised due to changes in inventorisation of overheads.



Notes to consolidated financial statements for the year ended March 31, 2023

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

2. 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-21	Various Banks	Trade receivables	571	522	49	Refer notes below
Sep-21		Trade receivables	841	799	42	
Dec-21		Trade receivables	771	736	35	
Mar-22		Trade receivables	949	893	56	

(a) Amounts reported to banks are excluding balances with related parties, foreign exchange adjustments, loss allowance on trade receivables and net of advances.

(b) Differences are due to adjustments made post submission of the statement to the bank.

(c) The above amounts pertain to entities in the Group that have availed working capital borrowings in India.

Note 16 (ii) - Lease liabilities

Non Current:

Lease Liabilities

3,378	2,533
3,378	2,533

Current:

Lease Liabilities

520	347
520	347

Lease liabilities pertaining to

Building

Current

307 189

Non current

2,371 1,443

2,678	1,632
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Plant and Machinery

Current

213 159

Non current

1,006 1,089

1,219	1,248
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Notes

Aequus Private Limited

1. 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.

2. 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 3.50% p.a. Lease obligation plus interest for each machine is repayable in 93 to 97 instalments.

AeroStructures Manufacturing India Private Limited (ASMIPL)

1. 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.

2. 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.

Aequus Aerospace France SAS (AAF SAS)

1. On July 01, 2017, the AAF obtained a line of credit with Franfinance (subsidiary of Society General) for EUR 196,037. The loan is obtained to purchase the DEA three-dimensional machine. Interest will be charged from the date of commencement of loan. The loan carries interest at 3.47% per annum with the duration of 84 months.

2. On October 01, 2018, the AAF obtained a line of credit with Siemens for EUR 1,356,113. The loan is obtained to purchase the Berthiez tour. Interest will be charged from the date of commencement of loan. The loan carries interest at 7.51% per annum with the duration of 83 months.

3. On October 22, 2018, the AAF obtained a line of credit with Deutshce Leasing for EUR 845,580. The loan is obtained to purchase DMG machinery. Interest will be charged from the date of commencement of loan. The loan carries interest at 2.74% per annum with the duration of 83 months.

Koppal Toys Molding COE Private Limited

1. The Company has entered into agreements with lessors for taking factory and office premises on lease. The lease term is for a period of 10 years with escalation of 5% p.a. in the lease agreement of premises. Measurement of right-of-use assets and lease liabilities are calculated based on the fixed lease rentals payable under the lease agreements and component towards maintenance and any variable payments are excluded.



Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****Aerostructures Assemblies India Private Limited**

1. The above lease liabilities are recognised for the lease rentals payable on the buildings that the Company has taken on lease from Aequs SEZ Private Limited. The term of the lease is 10 years which is non-cancellable. The lease liabilities have been recognised by discounting the lease rentals over the lease term using the Company's incremental borrowing rate i.e. 11.82%.

Aequs Engineered Plastics Private Limited

1. The Company has entered into agreements with lessors for taking factory premises and equipment on lease. The lease term is for a period ranging from 6 to 10 years with escalation clauses in the lease agreements of premises. Measurement of right-of-use assets and lease liabilities are calculated based on the fixed lease rentals payable under the lease agreements.

Aequs Aerospace Machine Inc (AAM)

1. On September 27, 2019, the AAM obtained a line of credit with the US BANK Equipment Finance for \$ 144,500. The loan is obtained to purchase machinery. Interest will be charged from the date of Commencement of loan. The loan carries interest at 5.3 % per annum.

2. The Company has entered into agreements with lessors for taking machinery on lease. The lease term is for a period of 5 years, the interest on the said loan is being charged at ~6.18% p.a. Measurement of right-of-use assets and lease liabilities are calculated based on the fixed lease rentals payable under the lease agreements and component towards maintenance and any variable payments are excluded.

3. On April 01, 2020, the AAM obtained a line of credit with the Engs Commercial Finance Co for \$ 338,530.50. The loan is obtained to purchase machine. Interest is charged from the date of commencement of loan at 4.73 % per annum.

4. Aequs Aero Machine Inc, has leased an office in Paris, Texas. The lease is for a period of 9 years starting July 15, 2015 to June 30, 2024. The lease is cancellable provided a 30 days written notice is issued to the other party.

The total cash outflow for leases, including interest, for the year was INR 602 (2022: INR 408)

Note 16 (iii) - Other financial liabilities**Non current:**

Guarantee liability

7

6

Total**7****6****Current:**

Capital creditors

129

55

Guarantee liability

5

6

Dues to related parties

1

4

Employees related liability

130

113

Total**265****178****Note 16 (iv) - Trade Payables****Current:****For goods and services****Trade payables**

- Dues to micro and small enterprises (Refer to Note 44)

2

6

- Other trade payables

1,945

1,491

Payable to related parties (Refer note 41)

311

270

Total**2,258****1,767**

Ageing of Trade payables as on March 31, 2023.

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed dues -MSME	1	1	-	-	-	2
(ii) Undisputed dues -Others	168	1,489	150	49	141	1,997
(iii) Disputed dues MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-
Unbilled	259	-	-	-	-	259
Total	428	1,490	150	49	141	2,258



Notes to consolidated financial statements for the year ended March 31, 2023

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

Ageing of Trade payables as on March 31, 2022.

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed dues -MSME	1	5	-	-	-	6
(ii) Undisputed dues -Others	206	1,113	55	11	9	1,394
(iii) Disputed dues MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-
Unbilled	367	-	-	-	-	367
Total	574	1,118	55	11	9	1,767

Note 17 - Other liabilities

Non current

Statutory dues payable

29

Total

29

Current

Statutory dues payable

241

292

Provisions

9

-

Deferred Income

1

-

Other current liabilities

44

65

Total

295

357

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Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 18 - Employee benefit obligations

Note 18 - Employee benefit obligations		As at March 31, 2023	As at March 31, 2022
Non-Current			
Provision for gratuity		79	75
Provision for other retirement benefits		31	30
Total		110	105
Current			
Provision for gratuity		5	5
Provision for leave benefits		40	36
Total		45	41

(i) Leave encashment

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

The amount of the provision of INR 40 (March 31, 2022: INR 36) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

	As at March 31, 2023	As at March 31, 2022
Leave obligation not expected to settled within next 12 months	24	13

(ii) Defined contribution plans

The Group in India has certain defined contribution plans. Contributions are made to provident fund in India 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 Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is INR 122 (March 31, 2022: INR 100).

(ii) **Defined benefit obligations**

Gratuity

India

The Group makes annual contribution for the Gratuity plan to an Insurance Company. Such contributions are recognised as plan assets. The Group provides for gratuity, a defined benefit plan (the gratuity plan) to its employees. Every employee is entitled to a benefit as mentioned below as the same is beneficial to the employee. The same is payable at the time of separation from the Group or retirement, whichever is earlier.

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of Gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the no.of years of service. The Gratuity plan is a funded plan and Group makes contribution to recognise funds in India.

The Group make contribution to the planned assets based on the expected payout. Final liability is actuarially valued and recognised in the books as at the end of each year by the Group. Upon actuarial valuation at the year end, any resultant difference between the liability and fair value of the fund is recognised in the books of accounts as liability.

France

The French pension system is operated on a “pay as you go” basis. Each employee is entitled to receive a basic pension from the Social Security plus a complementary pension from defined contribution schemes ARRCO and AGIRC. Moreover, retiring allowances (lump sums) must, by law be paid by the employer when employees retire.

The allowances to be paid to Group's employees are defined by the Collective Bargaining Agreement of the Metallurgical Industry.

All permanent employees are being covered on this scheme. Normal Retirement Age in France is 62 but 41.50 years of employment is required. Benefit rights are not vested before Normal Retirement Age.

The pensionable salary is equal to the average over the last 12 months of the gross paid salaries. Should an employee wants to retire at his/her own initiative the allowance is subject to social charges.

This retiring allowances scheme is not externally funded through an insurance contract.

United States of America

The Group maintains a defined contribution employee retirement plan through its PEO Insperity, pursuant to Section 401(a) of the Internal Revenue Code, which includes a 401(k) feature which enables the employee to make a pre-tax or post-tax (ROTH) salary reduction contribution to the plan. The Company has a match of employee contributions of 25% of employee contribution up to 1% of eligible compensation. Substantially all employees who have completed six months of service are eligible to participate in the plan. The Company did not make a discretionary contribution for the years ended March 31, 2022. No plans to make any discretionary contribution for year ending March 31st, 2023.



Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 18 - Employee benefit obligations

	March 31, 2023		March 31, 2022	
	India	France	India	France
(a) Total amount recognised in statement of profit or loss				
Current service cost	17	2	16	2
Interest on defined obligation	3	1	5	0
Past service cost	-	-	-	-
Interest cost/(income)	-	-	-	-
Impact of change in valuation method	-	-	-	-
Arising from business combination	-	-	-	-
Shared service cost recovered	(2)	-	(1)	-
Net actuarial (gain) / loss recognized during the period	(0)	-	-	-
Unrecognised assets due to limit in para 59(B)	-	-	-	-
(Gain)/Loss due to settlements/curtailments	-	-	-	-
Reimbursements received	-	-	(1)	-
Total amount recognised in statement of profit or loss (A)	18	3	19	2
(b) Total amount recognised in other comprehensive income				
(Gains)/losses arising from changes in return on plan assets	(0)	-	(0)	-
Impact of change in valuation method (IFRIC Staff paper of May 2021)	-	-	-	(3)
demographic assumptions	(0)	-	1	-
financial assumptions	(3)	(4)	(4)	0
experience adjustments	(6)	(0)	(7)	(1)
- arising from Business Combinations	-	-	-	-
- arising from Curtailment/Settlement	-	-	-	-
- arising from changes in experience adjustments	-	-	-	-
Total amount recognised in other comprehensive income (B)	(9)	(4)	(10)	(4)
Total amount recognised in statement of profit and loss and other comprehensive income (A+B)	9	(1)	9	(2)
(c) Changes in the defined benefit obligation during the year Obligations at the beginning of the year				
	March 31, 2023		March 31, 2022	
	India	France	India	France
Obligations as at the beginning of the year	80	30	72	32
On account of business combination	-	-	3	-
a. Current service cost	16	-	16	2
b. Past service cost	-	-	-	-
Interest cost	5	-	5	0
Benefits paid	(5)	-	(5)	-
Settlements	(2)	-	-	-
Liabilities assumed	1	-	1	-
Acquisition / divestiture	(1)	-	(0)	-
Remeasurement (gains)/ losses	(2)	1	-	-
- arising from business combinations	-	-	-	-
- arising from changes in demographic assumptions.	(1)	-	1	-
- arising from changes in financial assumptions.	(1)	-	(4)	0
- Impact of change in valuation method (IFRIC Staff paper of May 2021)	-	-	-	(3)
- arising from changes in experience adjustments.	(6)	-	(9)	(1)
- arising from curtailment / settlement	-	-	-	-
Defined benefit obligation as of current year end	84	31	80	30



Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 18 - Employee benefit obligations

(d) Change in fair value of plan assets

	March 31, 2023		March 31, 2022	
	India	France	India	France
Fair value of plan assets at the beginning of the year	0	-	0	-
Adjustment to opening fair value	-	-	-	-
Expected return on plan assets	(0)	-	(0)	-
Contributions	3	-	2	-
Benefit payments from plan assets	(3)	-	(2)	-
Remeasurement gains / (losses)	-	-	-	-
Actuarial Gain / (Loss) on plan assets	0	-	0	-
Fair value of plan assets at the end of the year	0	-	0	-

(e) Net (asset) / liability

Present value of unfunded defined benefit obligation	84	31	80	30
Fair value of plan assets	0	-	0	-
Net defined benefit liability/(asset) recognized in balance sheet	84	31	80	30

(f) Classification

Current	5	-	5	-
Non current	79	31	75	30
Total	84	31	80	30

(g) Investment details of plan assets

	March 31, 2023		March 31, 2022	
	India	France	India	France
Pooled asset with an insurance company	0	-	0	-
Total	0	-	0	-

(h) Actual return on plan assets

(i) Expected contribution in next year

	0	-	0	-
	2	-	2	-
	2	-	2	-

(e) Significant estimates: actuarial assumptions	India	France	India	France
The significant actuarial assumptions are as follows:				
Discount rate per annum	7.45%-7.5%	3.60%	6.8%-7.25%	1.75%
Salary escalation rate per annum	10.0%	3.00%	10.0%	2.55%
Other Actuarial assumptions				
Attrition rate	0%-18% on a graduated scale.	0%-14.3% on a graduated scale.	0%-18% on a graduated scale.	0%-14.8% on a graduated scale.
Retirement age	58	Management : 64 Non-Management : 62	58	Management : 64 Non-Management : 62
Other Actuarial assumptions:				
Employers Social Charges Rate	NA	43.00%	NA	43.00%



Note 18 - Employee benefit obligations**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	
	India	France	India	France
Discount rate				
Defined benefit obligation (DBO) on increase in 50 bps	81		78	
Discount rate +50 basis points impact (%)	(3.87%)		(2.23%)	
Defined benefit obligation (DBO) on decrease in 50 bps	89		83	
Discount rate -50 basis points impact (%)	5.94%		3.83%	
Defined benefit obligation (DBO) on increase in 25 bps		28		30
Discount rate +25 bps impact %		(2.36%)		(2.64%)
Defined benefit obligation (DBO) on decrease in 25 bps		30		32
Discount rate -25 bps impact %		2.28%		2.75%
Salary increase rate				
Defined benefit obligation (DBO) on increase in 50 bps	89		83	
Impact of increase in 50 bps on DBO	5.57%		3.77%	
Defined benefit obligation (DBO) on decrease in 50 bps	81		78	
Impact of decrease in 50 bps on DBO	(3.67%)		(2.30%)	

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 have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

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.**Expected future cashflows (in million) [Undiscounted]**

	March 31, 2023		March 31, 2022	
	India	France	India	France
Year 1	6	-	6	-
Year 2	6	-	5	-
Year 3	6	-	5	-
Year 4	7	4	5	-
Year 5	7	2	7	4
Year 6	6	6	6	6
Year 7	7	6	6	6
Year 8	6	6	8	6
Year 9	7	6	6	6
10 years and above	171	6	164	6
Weighted average duration of the defined benefit obligation in years	11	10	11	10

Risk exposure

Through its defined benefit plans, the Group 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.



Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 19 - Revenue from operations

	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contracts with customers		
Sale of products		
Manufactured goods	7,901	5,130
Rendering of services	13	30
	7,914	5,160
Other operating income		
Scrap sales	195	130
Others	12	1
	207	131
Total	8,121	5,291

Note:

(i) Aggregate amount of transaction price allocated towards performance obligations unfulfilled as at reporting date.

Management expects that 100% of the price allocated to unfulfilled performance obligations for sale of goods contracts with the customers as at March 31, 2023 amounting to INR 49 (March 31, 2022 INR 30) shall be recognised as revenue during the next financial year.

(ii) Refer note 38 for geographical wise revenue break up

Note 20 - Other Income

Government grant (MEIS)	2	-
Liabilities no longer required written back	58	22
Dividend Income	12	-
Gain on derecognition of lease	19	-
Miscellaneous income	54	25
Total	145	47

Note 21 - Other gains/(losses) – net

Net gain on disposal of property, plant and equipment	-	0
Exchange difference(other than borrowings)	96	12
	96	12

Note 22 - Cost of materials consumed

Opening stock	942	693
Add: Purchases during the year	4,606	2,726
Add: Inventories pertaining to entities acquired	-	43
Less: Closing stock	1,392	850
Less: Inventories pertaining to AFC	-	92
Less: Movement in provision for slow moving inventory	(7)	-
Sub-total	4,163	2,612
Exchange difference	6	(1)
Cost of raw material consumed	4,169	2,611

Note:

Previous year figures have been reclassified for better presentation

Note 23 - Change in inventories of work-in-progress and finished goods

Inventory at the end of the year (a)		
Work-in-progress	920	662
Finished goods	842	622
	1,762	1,284
Add :Inventories pertaining to entities acquired	85	18
Inventory at the beginning of the year (b)		
Work-in-progress	662	612
Finished goods	622	497
	1,284	1,109
Less: Movement in provision for slow moving inventory	(26)	9
Sub-total	(367)	(166)
Exchange difference	18	7
Change in inventories of work -in-progress and finished goods(b-a)	(349)	(159)



Notes to consolidated financial statements for the year ended March 31, 2023

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

	Year ended March 31, 2023	Year ended March 31, 2022
Note 23a - Purchase of traded goods		
Purchase of traded goods	21	-
	21	-
Note 24 - Employee benefit expenses		
Salaries, wages and bonus	1,196	883
Contribution to provident and other funds	122	100
Employee stock option expense	24	6
Leave compensation	7	2
Gratuity	21	21
Staff welfare expenses	76	51
Total	1,446	1,063
Note 25 - Impairment losses on financial assets		
Loss allowance on trade receivables	9	20
Total	9	20
Note 26 - Other Expenses		
Cost of spares and components	348	291
Subcontracting expenses	1,024	575
Insurance	59	37
Power and fuel	255	158
Repairs and maintenance		
Machinery	113	79
Building	66	7
Others	103	67
Legal and professional fees	108	93
Payment to auditors	8	6
Rental charges	42	49
Printing and stationery	6	4
Freight & forwarding	91	64
Rates and taxes	33	36
Travelling and conveyance	48	36
Communication	12	8
Advertising and sales promotion	12	36
Miscellaneous expenses	22	27
Royalty fee	70	48
Bank charges	40	24
Loss on sale/discard of Fixed asset	5	2
Share issue expenses of subsidiaries	13	-
Net foreign exchange loss (other than borrowings)	1	-
Total	2,479	1,647
Note:		
Previous year figures have been reclassified for better presentation		
(i) Payments to Auditors (excluding applicable taxes)		
As auditor:		
Audit fee	8	5
Tax audit fee	-	1
In other capacity:		
Other services	0	0
	8	6
Note 27 - Depreciation and Amortisation Expenses		
Depreciation of property, plant and equipment	337	244
Amortisation of intangible assets	44	40
Depreciation on Investment Property	25	26
Depreciation on Right-of-use assets	589	436
Total	995	746



Notes to consolidated financial statements for the year ended March 31, 2023

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

	Year ended March 31, 2023	Year ended March 31, 2022
Note 28 - Finance Cost		
Interest expense on working capital borrowings	101	82
Interest expense on term loan	83	79
Interest expense -others	56	35
Exchange differences (on borrowings)	146	46
Financial guarantee expense	20	28
Interest on lease liabilities	240	141
Total	646	411

Note: Interest expense on lease liabilities towards:

Plant and Machinery	37	37
Building	203	104
Total	240	141

Note 29 - Finance Income

Interest income	13	18
Unwinding of discount on security deposit	20	4
Financial guarantee income	10	11
Total	43	33

Note 30 - Exceptional items

Impairment loss on receivable from related parties [refer note (ii) below]	1	-
Impairment loss on loans receivable from related parties [refer note (i) below]	6	-
Total	7	-

(i) During the year, the Group has recognised an impairment of INR 6 on the loans receivable from Aequs Rajas Private Limited, along with interest accrued thereon, based on their future cashflow forecasts.

(ii) Given the uncertainty surrounding the realisation of amounts recoverable from Automotive End Solution Private Limited (AESPL), the Company had recognised an impairment loss of INR 1 (March 31, 2022: INR Nil).

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Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 31 - Income tax expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax		
Current tax on profits for the year	12	-
Total current tax expense	12	-
Deferred tax		
Decrease/ (increase) in deferred tax assets	59	5
(Decrease)/increase in deferred tax liabilities	(11)	(59)
Total deferred tax expense/(benefit)	48	(54)
Income tax expense/ (income) (A+B)	60	(54)

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Tax Expenses under General provision of Income Tax		
Profit from continuing operations before income tax expense	(1,011)	(956)
Corporate Tax Rate %	27.82%	27.82%
Computed tax expense	(281)	(266)
Tax Impact due to Permanent Difference	17	-
Tax impact on Income not chargeable to tax	(4)	-
Tax impact related to prior year adjustments	(9)	(77)
Tax impact on reversal during the tax holiday period	17	-
Tax Impact of Deferred Tax on Unabsorbed Depreciation on which no deferred tax was recognized	25	70
Tax Impact of Deferred Tax on Business Loss & other Items on which no deferred tax was recognized	343	238
Tax Impact Others	(48)	(19)
Total Tax Expense/ (Benefit)	60	(54)

The company has not recognised the deferred tax asset in the absence of reasonable certainty supported by convincing evidence that sufficient

Deferred tax:

The balance comprises tax effect on temporary differences attributable to:

	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities		
Depreciation and amortisation	(127)	(138)
	(127)	(138)
Deferred tax assets		
Carried forward tax losses and unabsorbed depreciation	141	199
MAT credit entitlement	95	98
Impairment on loss of Investments	-	64
Others	200	141
	436	502
Total - Deferred tax assets (net)	309	364



(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 Group 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 year ended March 31, 2023, the Company would be carrying out a study to comply with transfer pricing regulations for which the prescribed certificate of accountant will be obtained. In the opinion of management, no adjustment is expected to arise based on completion of Transfer Pricing Study.

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

(b) Deductible temporary differences for which no deferred tax asset has been recognised amounts to INR 343 (2022: INR 238). These items can be carried forward for 8 years from the year the Company claims deductions for the related expenses.

(c) The Group has recognised Deferred Tax Asset on Carried forward losses & Unabsorbed Tax Losses during the year and previous year with respect to Aequs Private Limited and Aerostructure Manufacturing India Private Limited on the basis of projections to the extent it is probable that sufficient taxable profit will be available against which the unused tax losses can be utilized by the respective entities.

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Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 32 - Fair value measurement

Financial instruments by category

	Classification	As at March 31, 2023	As at March 31, 2022
Financial Assets			
Investments	Refer Note (iv) below	576	503
Loans	Amortised cost	-	69
Trade receivables	Amortised cost	1,071	1,053
Cash and cash equivalents	Amortised cost	513	826
Other financial assets	Amortised cost	434	367
Total financial assets		2,594	2,818
Financial liabilities			
Borrowings (Including current maturities)	Amortised cost	3,461	3,007
Lease liabilities	Amortised cost	3,898	2,880
Trade payables	Amortised cost	2,258	1,767
Other financial liabilities	Amortised cost	272	183
Total financial liabilities		9,889	7,837

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value.

(b) recognised and measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table:

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

	Notes	As at March 31, 2023 Level 3	As at March 31, 2022 Level 3
Financial Assets			
Investments	7	576	503
Loans	9 (i)	-	69
Trade receivables	9 (ii)	1,071	1,053
Cash and cash equivalents	9 (iii)	513	826
Other financial assets	9 (v)	434	367
Total financial assets		2,594	2,818
Financial liabilities			
Borrowings (including current maturities)	16 (i)	3,461	3,007
Lease liabilities	16 (ii)	3,898	2,880
Trade payables	16 (iv)	2,258	1,767
Other financial liabilities	16 (iii)	272	183
Total financial liabilities		9,889	7,837

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

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

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

(ii) Valuation process

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

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

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

The fair values for interest free security deposits were calculated based on cash flows discounted using a risk free rate of interest. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

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.

(iv) Investments

The Group accounts for the investments in joint ventures and associates as per equity method, in accordance with Ind AS 27. These investments are tested for impairment annually.

(v) Borrowings

Borrowings include Compulsorily Convertible Preference Shares which were issued on March 24, 2023. Considering they were issued close to the year end, the transaction price is equal to the amortized cost.

(vi) Significant estimates

The fair value of financial instruments that are not traded in an active market is determined using valuation technique. The Group 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.

Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****Note 33 - Financial risk management**

The Group's business activities exposes it to a variety of financial risks such as liquidity risk, credit risk and market risk. The Group's senior management under the supervision of the Board of Directors has the overall responsibility for establishing and governing the Group's risk management and have established policies to identify and analyse the risks faced by the Group. They help in identification, measurement, mitigation and reporting all risks associated with the activities of the Group. 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 Group is exposed to and how the Group manages the risk.

Financial risk management

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

A Credit risk

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

(i) Credit risk management

Credit risk 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 Group assesses and manages credit risk based on internal credit rating system. The finance function assesses and maintain an internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

A : High-quality assets, negligible credit risk

B : Low quality assets, high credit risk

C : Doubtful assets, credit-impaired

The Group 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 Group 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 365 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 Group continuously monitors the credit worthiness of the customers and reassess the credit limits on an ongoing basis.

The Group's exposure to customers is diversified and there is no concentration of credit risk with respect to any particular customer as at March 31, 2023 and March 31, 2022.



(ii) Provision for expected credit losses.

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

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

1) Loans and Deposits :

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

2) Deposits with bank :

They are considered to be having negligible risk or nil risk, as they are maintained with high rated banks and the period of such deposits is not exceeding one year.

3) Investments :

It consists of investments in Joint ventures and associates as per equity method. Management undertakes impairment assessment on an annual basis and based on the recoverable value of the investments, impairment if any, will be provided for.

4) Trade receivables and other dues from related parties

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

Reconciliation of loss allowance provision - Trade receivables

	Amount
As at April 01, 2021	17
Charged to profit and loss	20
Utilisation/ reversal in loss allowance	(1)
As at March 31, 2022	36
Net amount charged to profit and loss	9
Net utilisation/reversal in loss allowance	(4)
As at March 31, 2023	41

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, Group's treasury maintains flexibility in funding by maintaining availability of required funds.

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



Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****(i) Financing arrangements**

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

	As at March 31, 2023	As at March 31, 2023
A. Expiring within one year	707	825
B. Expiring beyond one year (bank loans)	308	50
	1,015	875

(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 as at March 31, 2023

	Less than 12 months	More than 12 months	Total
Borrowings	2,208	1,253	3,461
Interest on borrowings (term loans and Lease liabilities)	356	1,163	1,519
Trade payables	2,258	-	2,258
Lease liabilities	520	3,378	3,898
Other financial liability	265	7	272
Total non derivative liabilities	5,607	5,801	11,408

Contractual maturities of financial liabilities as at March 31, 2022

	Less than 12 months	More than 12 months	Total
Borrowings	2,162	845	3,007
Interest on borrowings (term loans and Lease liabilities)	305	705	1,010
Trade payables	1,767	-	1,767
Lease liabilities	347	2,533	2,880
Other financial liability	178	6	183
Total non derivative liabilities	4,759	4,089	8,848

Note:

Refer note 41 where the amount of financial guarantee given to subsidiaries are disclosed.

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 Group 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 Group's functional currency (INR). The risk is measured through sensitivity analysis of probable movement in exchange rate as at the reporting period.

The Group primarily imports materials which are denominated in foreign currency which exposes it to foreign currency risk. The Group has a natural hedge in terms of its receivables and payables being in USD. The Group also has risk in terms of translation of its foreign operations. Further, any additional exposure is continuously monitored and hedging options like forward contracts are taken whenever they are expected to be cost effective.

(a) Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR as against respective foreign currency are as follows: As at 31 Mar 2023

	GBP	USD	EUR	HKD
Financial asset				
Trade receivable	1	1,121	1	-
Loans (unsecured)	-	255	563	-
Other financial assets	-	0	253	-
Other current assets	4	7	1	-
Other non current assets	-	0	-	-
Net exposure to foreign currency risk (assets)	5	1,383	818	-
Financial liability				
Trade payables	2	360	8	20
Bank Borrowings	-	684	-	-
Other Loans	-	786	-	-
Lease liabilities	-	-	1,099	-
Other current liabilities	-	49	219	-
Contract Liabilities	-	47	-	-
Net exposure to foreign currency risk (liabilities)	2	1,926	1,326	20



Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)**

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR as against respective foreign currency are as follows: As at 31 Mar 2022

	GBP	USD	EUR	HKD
Financial asset				
Trade receivable	-	935	2	-
Loans (unsecured)	-	221	408	-
Other financial assets	-	-	202	-
Other current assets	6	3	-	-
Other non current assets	-	6	-	-
Net exposure to foreign currency risk (assets)	6	1,165	612	-
Financial liability				
Trade payables	5	591	3	20
Bank Borrowings	-	484	-	-
Other Loans	-	561	-	-
Lease liabilities	-	-	1,117	-
Other current liabilities	-	24	-	-
Contract Liabilities	-	0	-	-
Net exposure to foreign currency risk (liabilities)	5	1,660	1,120	20

Previous year figures have been reclassified for better presentation.

(b) Sensitivity

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	
	As at	As at
	March 31, 2023	March 31, 2022
USD Sensitivity		
INR/USD - Increase by 5%	(20)	(18)
INR/USD - decrease by 5%	20	18
GBP Sensitivity		
INR/GBP - Increase by 5%	0	0
INR/GBP - decrease by 5%	(0)	(0)
EUR Sensitivity		
INR/EUR - Increase by 5%	(18)	(18)
INR/EUR - decrease by 5%	18	18
HKD Sensitivity		
INR/HKD - Increase by 5%	(1)	(1)
INR/HKD - decrease by 5%	1	1

(ii) Interest rate risk

(a) The exposure of Group's borrowings to interest rate changes at the end of the reporting period

Variable rate borrowings	1,729	1,507
Fixed rate borrowings	5,630	4,380
Total borrowings	7,359	5,887

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

Impact on profit after tax

Interest rates - increase by 50 basis points	(6)	(9)
Interest rates - decrease by 50 basis points	6	9

(iii) Price risk

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



Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)

Note 34 - Capital management

Risk management

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

The Group's objectives when managing capital are to:

- (i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) Maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using gearing ratio and is measured by Net debt (total borrowings net of cash and cash equivalents) to equity.

(i) Net Debt Equity Ratio

	As at March 31, 2023	As at March 31, 2022
Net debt	6,841	5,061
Total Equity	2,673	2,914
Net debt to equity ratio	2.56	1.74

(ii) Loan covenants

Under the terms of the borrowing facilities with various banks, the below entities of the group are required to comply with following financial covenants :

	APL	ASMIPL	AAI	AFCPPL	ATPL	ACPPL
Total Net Worth (TNW)	> INR 275	> INR 1742	INR > 55	INR > 400	INR > 480	INR > 133
Total Outside Liabilities (TOL)/ Adjusted TNW	< 2	< 3.5	< 3	< 3	< 2	< 3
Interest Coverage Ratio (ICOR)	> 3				> 1.5	
Debt Service Coverage Ratio (DSCR)		> 2.5			> 1.25	> 1.5
Compliance	Default in compliance of Interest coverage ratio	Default in compliance of TNW, DSCR, Current ratio	Complied with the above covenants.	Default in compliance of TNW, (TOL)/ Total TNW	Default in compliance of DSCR and ICOR	Default in compliance of DSCR

Notes:

- There are no restrictive covenants on Parent Company's share capital.
- Breaches in complying with the financial covenants would permit the bank to call back the loans. However, the Group 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.

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Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****Note 35 - Contingent liabilities**

- i. A few cases have been filed against the Company in District Labour court, Belagavi. If the Labour Court passes an award against the Company, the probable compensation would amount to INR 52 (March 31, 2022: INR 16). The Company is however confident of winning this case based on the counsel advice and hence the same is not provided in the financial statements.
- ii. The Parent Company has received demand order u/s 156 of the Income Tax Act, 1961 amounting to INR 25. for the FY 2016-17 (AY 2017-18) and has appealed the said order before Commissioner Appeals and the Company believes it has strong merits in its case.
- iii. The Parent Company has received an order during the year ended March 31, 2022 under Section 143(3) of the Income Tax Act, 1961 relating to financial year 2017-18 (assessment year 2018-19) with a demand of INR 780. The Company has filed a writ petition with the Hon'ble High Court of Karnataka against the Order and the Company believes it has strong merits in its case.
- iv. Income tax refund claimed by the Parent Company (pertaining to FY 20, 21 & 22 amounting to INR 13) has been adjusted by Tax department against the outstanding demand as specified in note 32 (ii & iii) above. The said adjustment is not accepted by the Parent Company and can be treated as payments made under protest.
- v. In Aerostructure Manufacturing Indian Private Limited, Income tax matters under dispute amounting to INR 39, 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 defence in respect of the disallowances and adjustments made.
- vi. The Group has evaluated the impact of the Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the Company expects that the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the financial statements. Further, the Company has complied with the above judgement and has revised the wages of its employees with effect from April 01, 2019.
- vii. Aequus Consumer Products accrues a liability when a loss due to potential claims and legal actions is considered probable and the amount can be reasonably estimated. In the opinion of Management, the outcome of any potential claims and legal proceedings from existing customer contracts, if decided adversely, is not expected to have a material adverse effect on the business, financial condition and results of operation.
- viii. It is not practicable to estimate for the Group to estimate the timing of cash outflows, if any, in respect of the above matters pending resolution of the above matters.
- ix. The Group does not expect any reimbursement in respect of the above contingent liabilities.
- x. Refer note 41 for Corporate guarantees given to third parties by the Group for loans taken by related parties of the group.

Note 36 - Commitments**Capital commitments**

Estimated amount of contracts remaining to be executed on capital account net of advances and not provided for.

Particulars

- (i) Property, plant and equipment
- (ii) Intangible assets

	As at March 31, 2023	As at March 31, 2022
	207	109
	-	-
	207	109

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Note 37 - Business Combinations

A. During financial year 2021-22, pursuant to share purchase agreement dated July 14, 2021, the Parent Company has further acquired 26% interest in Aerostructures Assemblies India Private Limited (AAI) held by joint venture partner, SAAB AB (Publ). Consequently, AAI has become a wholly owned subsidiary of the Group.

Date of the transaction is July 14, 2021. Nonetheless, effective acquisition date has been considered as July 01, 2021, since the transactions during the interim period were considered insignificant in terms of operations. Accordingly, the Group had accounted for investment in AAI as a jointly controlled entity until Jun 30, 2021 under equity method. Effective July 01, 2021, the Group has accounted for AAI as a subsidiary.

The Group had recognised Goodwill on this acquisition which has been arrived at as below-

	AAI
Property, plant and equipment and capital work-in-progress	22
Right of use assets	61
Intangible assets	8
Inventories	68
Trade receivables	27
Cash and cash equivalents	4
Other current and non-current financial assets	14
Contract Assets	4
Other current and non-current assets	14
Borrowings and lease liabilities	(69)
Trade payables	(54)
Other financial liabilities	(22)
Employee benefit obligations	(6)
Other current liabilities	(2)
Net Identifiable Assets acquired (i)	69
Carrying amount of investment as on April 01, 2021	60
Share of loss until June 30, 2022 under equity method	(8)
Consideration paid to SAAB AB (Publ)	25
Financial guarantees issued prior to the acquisition date	2
Gain on fair value measurement of previously held interest in AAI	138
Carrying amount of investment as on acquisition date (ii)	217
Goodwill [(ii)-(i)]	148

Notes

(i) The Group did not expect any material differences from fair valuation of assets and liabilities of AAI. Hence, the carrying amounts as on the acquisition date are considered for arriving at Goodwill.

(ii) Goodwill is attributable to work force and expected profitability.

B. During financial year 2021-22, the following events have taken place with reference to investment in Aequs Force Consumer Products Private Limited (AFC):

- The Parent Company has acquired interest in AFC on various dates by subscribing to AFC's equity share capital;
- Pursuant to share purchase agreement dated December 02, 2021, the Parent Company has purchased another 41% shareholding in AFC from Aequs Manufacturing Investments Private Limited (AMIP) worth INR 327 by issuing its own equity shares [Refer Note 14 (vii)].
- The Parent Company has purchased Compulsorily Convertible Debentures (CCDs) of AFC worth INR 207 from AMIP by issuing its own equity shares [Refer Note 14 (vii)].
- Furthermore, pursuant to modification of Articles of Association of AFC which was approved by the members on March 31, 2022 APL has gained control over AFC. Consequently, AFC has become a subsidiary of the Group.

Accordingly, the Group had accounted for investment in AFC as a jointly controlled entity until March 30, 2022 under equity method. Effective March 31, 2022, the Group has accounted for AFC as a subsidiary.



The Group had recognised Goodwill on this acquisition which has been arrived at as below-

	AFC
Property, plant and equipment and capital work-in-progress	355
Right of use assets	600
Intangible assets	6
Inventories	176
Trade receivables	139
Cash and cash equivalents and other bank balances	9
Other current and non-current financial assets	97
Other current and non-current assets	17
Borrowings and lease liabilities	(906)
Trade payables	(201)
Other financial liabilities	(52)
Employee benefit obligations	(3)
Contract liabilities	(6)
Other current liabilities	(5)
Net Identifiable Assets acquired (i)	226
Carrying amount of investment as on March 31, 2022	697
Non-controlling Interest	10
Sub-total (ii)	707
Goodwill [(ii)-(i)]	481

Notes

(i) The Group assessed the fair value of Property, Plant and Equipment based on valuation carried out by an external valuer and recognised a fair value gain of INR 29. For other assets and liabilities, the Group performed an internal fair value assessment considering the nature of assets.

(ii) Refer note 30(a) pertaining to impairment of goodwill recognised.

C. During FY 2021-22, pursuant to two separate share purchase agreements dated December 02, 2021, the Parent Company has acquired 100% interest in Aequs Engineered Plastics Private Limited (AEPL) and Aequs Consumer Products Private Limited (ACPPL), from its step-up holding company, Aequs Manufacturing Investments Private Limited (AMIPPL), for a consideration of INR 1031 and INR 73 respectively, by issuing its own shares [Refer Note 14 (vii)]. These acquisitions are considered as common-control acquisitions by the Group. Accordingly, the accounting treatment given below has been followed in these financial statements-

- The assets and liabilities of AEPL and ACPPL are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments were only made to harmonise accounting policies.
- The financial information in the financial statements in respect of previous year is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the acquisition.
- The balance of the retained earnings appearing in the financial statements of AEPL and ACPPL is aggregated with the corresponding balance appearing in the financial statements of the Group.
- The identity of the reserves are preserved and the reserves of AEPL and ACPPL become the reserves of the Group.
- The difference between the amounts recorded as share capital issued and the amount of share capital of AEPL and ACPPL is transferred to 'common control capital reserve', which is in the nature of capital reserve, and is presented separately from other reserves.
- Since the consideration for acquisition was paid by issuing its own shares during the financial year ended March 31, 2022, the Parent Company has disclosed such amount payable in 'Shares pending issuance', until the date of issue of such consideration. Refer Note 14(iv).

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Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****Note 38 - Segment Information****Description of segments and principal activities**

The Group is primarily engaged in a single line of business of contract manufacturing, the Group's Chief Operating Decision Maker (CODM) is identified to be the Managing Director and Chief Operating Officer of the Parent Company, who plans the allocation of resources and assess the performance of the segments. The Group has only one reportable segment 'Contract Manufacturing'.

The Group's major operating divisions are managed on a worldwide basis, they operate in three principal geographical areas of the world. The Group has manufacturing facilities across Asia, Europe and America. The Group sells across the three geographies. The amount of its revenue from external customers specified by location of customers are presented in the below table:

Net Revenue	Year ended		Year ended	
	March 31, 2023		March 31, 2022	
Asia	4,242		2,841	
America	1,851		981	
Europe	2,020		1,469	
Others	8		-	
	8,121		5,291	

Non-current assets	Year ended		Year ended	
	March 31, 2023		March 31, 2022	
Asia	5,441		4,066	
America	366		364	
Europe	69		53	
	5,876		4,483	

The Group derives revenue from transfer of goods and services at a point of time only.

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

Particulars

Year ended		Year ended	
March 31, 2023		March 31, 2022	
EBITDA		587	
		168	

Segment Information

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

Revenues from major customers is as follows:

	Year ended March 31, 2023		Year ended March 31, 2022		Geographic location
	Revenue	% of total revenue	Revenue	% of total revenue	
Customer 1	1,440	18%	1,346	25%	Europe
Customer 2	1,311	16%	1,004	19%	Europe

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

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Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 39 - Earnings per Share

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Earnings per share (basic and diluted)		
-From continuing operations	(2.42)	(3.45)
-From discontinued operations	(0.02)	(0.08)
Total basic and diluted earnings per share attributable to the equity holders of the company	(2.44)	(3.53)
(b) Profit attributable to the equity share holders used in calculating basic and diluted earnings per share	(988)	(1,062)
-From continuing operations	(980)	(1,039)
-From discontinued operations	(8)	(23)
(c) Weighted Average number of Equity shares of INR 10 each	405,347,665	309,770,320

Diluted Earning per share

Diluted Earning per share - Since the ESOP and CCPS are anti-dilutive in nature, considering the conversion of ESOPs and CCPSs would have resulted in an decrease in loss per share. Hence, the same is ignored in the calculation of diluted loss per share.

Note:

Previous figures have been reclassified for better presentation

Note 40 - Capitalization of expenditure

Following are the details pertaining to expenses of revenue nature which are capitalised. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(i) Property, plant and equipment		
Employee benefit expenses	38	-
(ii) Intangible assets		
Employee benefit expenses	8	23
Depreciation and amortisation expense	0	1
Repairs and maintenance	0	0
Communication	0	0
Legal and professional fees	2	15
Others	1	1
	11	40
(ii) Intangible assets under development		
Employee benefit expenses	3	1
Depreciation and amortisation expense	0	0
Repairs and maintenance	0	0
Communication	0	0
Legal and professional fees	1	1
Others	1	0
	5	2

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Note 41 - Related party disclosures

Names of related parties and related party relationship	
Relationship	Name of the related party
Related parties where control exists	
Ultimate holding company	Aequus Inc, Cayman Islands*
Holding company	Aequus Manufacturing Investments Private Limited, Mauritius (AMIPL)
Related parties with whom transactions have taken place during the year	
Associates	: Aequus Foundation ('AF')
Joint ventures	: Aerospace Processing India Private Limited ('API') : SQuAD Forging India Private Limited ('SQuAD') : Aequus Rajas Extrusion Private Limited, India (AREPL) (held through ATPL)
Fellow subsidiaries	: Automotive End Solution Private Limited (AESPL) : Aequus SEZ Private Limited ('ASEZ') : MFRE Estate Pvt Ltd ('MFRE Estate') : Industrial Knowledge Centre Private Limited (IKC) : Aequus Limited, Malta (ALM)
Key management personnel	: Mr. Rajeev Kaul, Managing Director and Chief Operating Officer : Mr. Aravind Melligiri, Director : Dr. Ajay Prabhu, Director : Dr. Klaus Richter, Director : Ms. Shubhada Rao, Director : Mr. Mahesh Parasuraman, Director (w.e.f. March 24, 2023) : Mr. Dinesh Iyer, Chief Financial Officer : Mr. Ravi Hugar, Company Secretary
Enterprises in which individuals owning interest in the Group, or their relatives have control, joint control or significant influence	: Aequus Stock Option Plan Trust ('ESOPT') : QuEST Global Engineering Private Limited ('QGEPL') : Melligiri Investments LLC ('MILLC') : Hubli Durable Goods Cluster Private Limited (HDGCPL) : MFRE Texas Holding LLC, USA : MFRE Taris, LLC : MFRE Private Trust : MFRE Estate Private Limited (MFREEPL) : Altum Trust (Altum)

*Aequus Inc. is 100% beneficially owned and controlled by the Melligiri Private Family Foundation.

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Aequus Private Limited**Notes to consolidated financial statements for the year ended March 31, 2023**

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

Note 41 - Related party disclosures- Transactions

	Year ended March 31, 2023	Year ended March 31, 2022
Holding Company - AMIPL		
Issue of shares - for cash	-	1,320
Issue of shares - for consideration other than cash	839	1,639
Expenses incurred on behalf of related entity	0	-
Associates		
Aequus Foundation		
Expenses incurred on behalf of related entity	0	0
Sale of PPE	0	0
Joint Ventures - Transactions		
SQuAD		
Employee stock option expense cross charge	1	0
Expenses incurred on behalf of related entity	8	8
Fair value of financial guarantee issued during the year	9	1
Financial guarantee income	8	7
Investments in equity shares	72	115
Sale of goods	23	9
Services provided	11	11
Purchase of goods and consumables	2	-
Impairment of investments	19	-
AAI (till 30th June 2022)		
Expenses incurred on behalf of related entity	-	2
Services received	-	1
API		
Employee stock option expense cross charge	-	0
Expenses incurred on behalf of related entity	13	14
Services received	211	139
Services provided	5	5
Financial guarantee income	0	-
Aequus Rajas		
Unsecured loan given during the year	1	5
Interest income on unsecured loan given	1	0
Expenses incurred on behalf of related entity	1	0
Key managerial personnel and their relatives		
Managerial remuneration		
Mr. Aravind Melligeri	44	14
Mr. Rajeev Kaul	12	9
Mr. Ravi Hugar	5	4
Mr. Sourabh Mittal	-	6
Mr. Dinesh Iyer	12	3
Mr. Ajay Prabhu	-	1
Ms. Shubhada Rao	1	1
Enterprises in which individuals owning interest in the Group, or their relatives have control, joint control or significant influence - Transactions		
IKC		
Expenses incurred on behalf of related entity	3	2
Services received	79	31



Aequus Private Limited**Notes to consolidated financial statements for the year ended March 31, 2023****(All amounts are in INR Millions, except share data, unless otherwise stated)**

	Year ended March 31, 2023	Year ended March 31, 2022
ASEZ		
Deposit given	0	116
Expenses incurred on behalf of related entity	31	26
Financial guarantee expense	17	21
Interest income on unsecured loan	4	5
Interest expense on lease liability	192	110
Repayment of lease liability	189	107
Services received	386	314
Services provided	4	4
Unsecured loan given	-	60
Repayment of loan by ASEZ	60	-
Unsecured loan taken	-	139
Interest expense on unsecured loan taken	17	16
Repayment of unsecured loan taken	285	-
Sale of PPE	2	-
Sale of scrap	0	-
Fair value of financial guarantee received during the year	11	-
Aequus, Inc.		
Expenses incurred on behalf of related entity	-	1
Expenses incurred by related entity	0	-
Interest expenses on Loan taken	21	19
Repayment of loan	-	322
MILLC		
Expenses incurred by related entity	0	-
Expenses incurred on behalf of related entity	-	9
Interest on loan taken	2	2
ESOPT		
Unsecured loan given	-	149
Issue of shares - for cash	-	156
QGEPL		
Services received	3	8
MFRE Private Trust		
Expenses incurred on behalf of related entity	0	0
Fair value of the guarantee taken	-	8
Financial guarantee expense	-	1
MFREEPL		
Expenses incurred on behalf of related entity	0	-
Financial guarantee expense	0	-
AFC (till March 30, 2022)		
Expenses incurred on behalf of related entity	-	16
Services provided	-	4
Services received	-	15
Investments in equity shares	-	471
Interest income on unsecured loan given	-	5
Unsecured loan given	-	70
Subcontracting expenses	-	69



Aequs Private Limited**Notes to consolidated financial statements for the year ended March 31, 2023****(All amounts are in INR Millions, except share data, unless otherwise stated)**

	Year ended March 31, 2023	Year ended March 31, 2022
AESPL		
Expenses incurred on behalf of related entity	0	0
ALM		
Royalty expenses	70	48
HDGCPL		
Deposit given	54	
Services received	9	-
Repayment of lease liability	1	-
Interest expenses on lease liability	9	-
Expenses incurred on behalf of related entity	0	-
MFRE Taris, LLC		
Repayment of lease liability	10	8
Interest expenses on lease liability	1	2

Note: All transactions were made on commercial terms and conditions and are at arms length price.

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Aequs Private Limited**Notes to consolidated financial statements for the year ended March 31, 2023**

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

Note 41 - Related party disclosures- Balances as at year-end

	As at March 31, 2023	As at March 31, 2022
Associates		
AF		
Dues from related parties	0	0
Investment in share capital	0	0
Joint Ventures - Balances		
SQuAD		
Investment in share capital	773	711
Fair value of financial guarantee issued	57	46
Fair value of ESOP cost	1	0
Trade receivables	40	7
Dues from related parties	8	2
Trade Payables	2	5
Dues to related parties	0	1
API		
Investment in share capital	90	90
Fair value of financial guarantee issued	-	5
Fair value of ESOP cost	0	0
Trade receivables	0	0
Dues from related parties	3	3
Trade Payables	54	51
Dues to related parties	0	-
Aequs Rajas		
Unsecured loan given	6	5
Interest receivable on unsecured loan given	-	0
Dues from related parties	1	0
Impairment of loan and interest thereon	6	-
Enterprises in which individuals owning interest in the Group, or their relatives have control - Balances		
IKC		
Dues from related parties	2	1
Trade Payables	1	2
Advance to suppliers	-	1
Aequs, Inc.		
Unsecured Borrowings	172	140
Dues from related parties	0	0
Dues to Related Parties	-	1
MILLC		
Dues from related parties	0	0
Unsecured Borrowings	16	14
Interest Payable	4	2
ESOPT		
Unsecured loan given	265	265
ASEZ		
Fair value of financial guarantee received	39	6
Unsecured loan given	-	60
Interest accrued and due on above loan	0	1
Security deposit (Undiscounted)	443	443
Dues from related parties	7	3
Dues to related parties	0	1
Trade Payables	177	112
Unsecured borrowings	-	285
Interest payable	-	3
Advance to suppliers	0	-
Trade receivables	1	-



Aequus Private Limited**Notes to consolidated financial statements for the year ended March 31, 2023**

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

	As at March 31, 2023	As at March 31, 2022
AESPL		
Trade Payables	0	0
Dues to related parties	0	0
Dues from related parties	26	26
Impairment on dues from related parties	26	26
MFRE Texas Holding LLC		
Dues from related parties	-	2
QGEPL		
Trade Payables	-	4
Altum		
Dues from related parties	0	0
MFREEPL		
Dues from related parties	0	1
Fair value of financial guarantee received	19	4
MFRE Private Trust		
Dues from related parties	2	2
ALM		
Trade Payables	67	95
AMIPL		
Dues from related parties	0	-
HDGCPL		
Dues from related parties	0	-
Dues to related parties	0	-
Security deposit	54	-
Trade Payables	10	-
Disclosure as required under Section 186(4) of Companies Act, 2013.		
i. Loans outstanding		
Aequus SEZ Private Limited ('ASEZ')	-	60
Aequus Rajas	6	5
ii. Investments in associates and joint ventures (Refer Note 7)	575	502
iii. Guarantees utilised (for term loan and working capital)		
Aerospace Processing India Private Limited ('API').	20	20
SQuAD Forging India Private Limited ('SQuAD')	310	271
The terms are in compliance with Section 186(7) of the Companies Act, 2013.		

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Aequs Private Limited
Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)
Note 42 - Net debt reconciliation

	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	513	826
Lease liabilities	(3,898)	(2,880)
Non-current borrowings	(978)	(1,067)
Compulsory Convertible Preference Shares	(575)	-
Current borrowings	(1,903)	(1,940)
Net debt	(6,841)	(5,061)

Net debt reconciliation:

	Cash and cash equivalents	Liabilities from financing activities				Total
		Lease obligations	Non-current borrowings	Compulsory Convertible Preference Shares	Current borrowings	
Net debt as at April 1, 2021	853	(2,269)	(969)	-	(1,894)	(4,279)
Business acquired during the year	4	(735)	-	-	(172)	(903)
Cashflows	(31)	-	-	-	134	103
Acquisition of leases/ new borrowings	-	(164)	(288)	-	-	(452)
Foreign exchange adjustments	0	43	11	-	11	65
Repayments	-	268	245	-	-	513
Interest expense	-	(141)	(67)	-	(129)	(337)
Interest paid	-	140	32	-	110	282
Other Non-cash adjustments:	-	(22)	(31)	-	0	(53)
As at March 31, 2022	826	(2,880)	(1,067)	-	(1,940)	(5,061)
Net debt as at April 01, 2022	826	(2,880)	(1,067)	-	(1,940)	(5,061)
Cashflows	(305)	-	-	-	32	(273)
Acquisition of leases/ new borrowings	-	(1,311)	(258)	(641)	-	(2,210)
Foreign exchange adjustments	15	(69)	(15)	-	(9)	(78)
Repayments	-	362	283	-	-	645
Interest expense	-	(240)	(83)	-	(156)	(479)
Interest paid	-	240	77	-	132	449
Transaction cost	-	-	-	66	-	66
Reclassification during the year	(4)	-	32	-	1	29
Transferred to asset held for sale or liabilities pertaining to assets held for sale*	(19)	-	9	-	-	(10)
Other Non-cash adjustments:	-	-	44	-	37	81
As at March 31, 2023	513	(3,898)	(978)	(575)	(1,903)	(6,841)

*Balance transferred to asset held for sale or liabilities pertaining to assets held for sale pertaining to Koppal Toys Tooling Private Limited as this entity is declared as discontinued operations in March 2023.

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Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 43 - Assets pledged as security

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

	As at March 31, 2023	As at March 31, 2022
Current		
A. Financial assets:		
- Trade Receivables	1,269	984
- Cash & Cash equivalents	96	546
- Other bank balances	34	11
- Other assets	21	390
B. Non financial assets:		
- Inventories	2,599	1,841
- Other assets	166	152
Total current assets pledged as security	4,185	3,924
Non current		
A. Financial assets:		
- Other financial assets	112	222
B. Non financial assets:		
-Property, Plant and Equipment	2,968	1,478
-Other non- current assets	31	65
Total Non-current assets pledged as security	3,111	1,765
Total assets pledged as security	7,296	5,689

Note:

1. The above amounts represent assets pledged as disclosed in the standalone financial statements of the entities included in consolidation without adjusting for inter-company eliminations.

2. Previous year figures have been reclassified for better presentation.

Note 44 - Dues to micro, small and medium enterprises

The Group 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 Group. Disclosures of dues/payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Group, based on the responses received from vendors against request for confirmations:

Particulars	March 31, 2023	March 31, 2022
Dues to micro and small enterprises		
(i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	2	6
(ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0	0
(iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	48	2
(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	0	-
(v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	1	-
(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	-	-



Aequs Private Limited

CIN : U80302KA2000PTC026760

**Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)****Note 45 - Interests in other entities****(a) Subsidiaries**

The Group subsidiaries at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	
Aequs Aerospace BV (AABV)	Netherlands	100%	100%	0%	0%	Investment holding
Aequs Aerospace LLC (AALLC)	USA	100%	100%	0%	0%	Investment holding
Aequs Aero Machine Inc. (AAM)	USA	100%	100%	0%	0%	Contract manufacturing
Aequs Cil and Gas LLC (AOGLLC)	USA	95%	95%	5%	5%	Discontinued operations
Aerospace Manufacturing Holdings Private Limited (AMHPL)	India	100%	100%	0%	0%	Investment holding
AeroStructures Manufacturing India Private Limited (ASMIPL)	India	100%	100%	0%	0%	Contract manufacturing
Aequs Holdings France, SAS (AHSAS)	France	100%	100%	0%	0%	Investment holding
Aequs Aerospace France SAS (AAF SAS)	France	100%	100%	0%	0%	Contract manufacturing
Bernar SAS (Bernar)	France	100%	100%	0%	0%	Contract manufacturing
SCI Du Champ De Pivoines	France	100%	100%	0%	0%	Rental of investment property
Aequs Force Consumer Products Pvt. Ltd. (AFCPPL)	India	74%	59%	26%	41%	Contract manufacturing
Aequs Force Technology Private limited (India)	India	74%	59%	26%	41%	Inactive company
Aequs Force Technology Company limited (HK)	Hong Kong	74%	59%	26%	41%	Marketing services
Aequs Engineered Plastics Private Limited (AEPPL)	India	100%	100%	0%	0%	Contract manufacturing
Aequs Toys Hong Kong Private Ltd.(ATHPL)	Hong Kong	100%	100%	0%	0%	Marketing services
Aequs Consumer Products Private Limited (ACPPL)	India	100%	100%	0%	0%	Contract manufacturing
Aequs Home Appliances Private Limited (AHAPL)	India	100%	100%	0%	0%	Contract manufacturing
Aequs Toys private limited (ATPL)	India	100%	100%	0%	0%	Contract manufacturing
Koppal Toys Moulding COE Private Limited (KTMCPPL)	India	100%	100%	0%	0%	Contract manufacturing
Koppal Toys Tooling COE Private Limited (KTTCPPL)	India	100%	100%	0%	0%	Contract manufacturing
Aerostructures Assemblies India Private Limited (AAIPL)	India	100%	100%	0%	0%	Contract manufacturing
Aequs Material Management Private Limited	India	100%	-	0%	0%	Inactive company



Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)

(b) Non-controlling interests (NCI)

Set out below is summarized financial information of each subsidiary that has non-controlling interests that are material to the Group. The amount disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet	AFCPPL		AFTCL (HONG KONG)		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Current assets	339	340	42	20	381	360
Current liabilities	339	554	40	37	379	591
Net current assets	-	(214)	3	(17)	2	(231)
Non-current assets	828	1,059	-	-	828	1,059
Non-current liabilities	574	819	-	-	574	819
Net non-current assets	254	240	-	-	254	240
Net assets	254	26	3	(17)	256	(471)
Accumulated Non-controlling interest	(104)	10	1	(7)	(103)	3

The share of non controlling interest in AOG LLC have exceeded their investment as at March 31, 2023. The minority shareholders have agreed to restore the amount of such deficit balance to the Group.

The non controlling interest pertaining to Aequus Oil and Gas LLC of INR (10) (March 31, 2022 INR (5)) is not included above as the same is pertaining to discontinued operations.

The non controlling interest pertaining to Aequus Force Technology Company limited (HK) of INR Nil (March 31, 2022 INR 0) is not included above as the same is pertaining to discontinued operations.

Summarised statement of profit and loss	AFCPPL		AFTCL (HONG KONG)		Total	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Revenue	752	957	20	14	772	970
Profit/(loss) for the year	(298)	(321)	20	1	(278)	(319)
Other comprehensive income/(loss)	0	1	0	-	0	1
Total comprehensive income/(loss)	(298)	(320)	20	1	(278)	(318)
Profit/ (loss) allocated to Non-controlling interest	(115)	(131)	8	1	(107)	(130)

Summarised cash flow	AFCPPL		AFTPL (HONG KONG)		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Cash flow from operating activities	(82)	(110)	(0)	8	(82)	(102)
Cash flow from investing activities	(18)	(65)	-	-	(18)	(65)
Cash flow from financing activities	130	160	-	-	130	160
Net increases/(decrease) in cash and cash equivalents	30	(15)	-	8	30	(7)



Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)****(c) Interests in associates and joint ventures**

Set out below are the associates and the joint ventures of the Group as at March 31, 2023 which, in opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely to equity shares, which are held directly by the Group. The country of incorporation or registration is also their financial place of business, and the proportion of ownership interests is the same as the proportion of voting rights held.

Name of the entity	Place of business	% of ownership interest	Relationship	Accounting method	Carrying amount	
					March 31, 2023	March 31, 2022
SQUAD Forging India Private Limited (SQUAD)	India	50%	Joint Venture	Equity Method	436	371
Aerospace Processing India Private Limited (API)	India	50%	Joint Venture	Equity Method	139	131
Aequs Foundation	India	50%	Associates	Equity Method	0	0
Aequs Rajas Extrusion Private Limited (AREPL)	India	26%	Joint Venture	Equity Method	0	0
Total					575	502

All the above mentioned entities are unlisted and hence, no quoted prices are available.

ii) Commitments and contingent liabilities in respect of associates and joint ventures.

Particulars	API		SQuAD		AREPL	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Commitments of JVs and Associates.	29	17	1	4	-	-
Contingent liabilities of JVs and Associates.	0	-	4	-	-	-
Total commitments and contingent liabilities	29	17	5	4	-	-

iii) Summarized financial information of associates and joint ventures

The table below provides Summarized financial information for those joint venture and associates that are material to the Group. The information disclose reflect the amount presented in the financial statement of the relevant associates and joint venture and not Aequs Private Limited shares of those amounts. They have been amended to reflect adjustment made by the entity when using the equity method, including fair value adjustment made at the time of acquisition and modification for differences in accounting policies.

Summarised balance sheet	API		SQuAD		AREPL	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Current assets						
Cash and cash equivalents	29	9	30	21	0	1
Trade receivables	101	101	51	48	-	-
Other financial assets	0	51	0	1	0	-
Other assets (including inventories)	43	29	282	189	-	-
Total current assets	173	190	363	259	0	1
Total non-current assets	369	371	830	861	5	4
Current liabilities						
Trade payables	26	23	153	120	2	0
Financial liabilities (excluding trade payables)	61	37	120	130	7	5
Other liabilities	9	39	13	17	0	0
Total current liabilities	96	99	286	267	9	5
Total non-current liabilities	203	208	99	156	-	-
Financial liabilities (excluding trade payables)	169	31	93	151	-	-
Other liabilities	34	177	6	5	-	-
Total non current liabilities	203	208	99	156	-	-
Net assets	243	254	808	697	(4)	(0)

Summarised statement of profit and loss

	API		SQuAD		AREPL	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue	407	288	484	268	-	-
Interest income /Other income	6	9	29	2	0	-
Operating expenses	(313)	(222)	(460)	(267)	(2)	(0)
Depreciation and amortisation	(52)	(50)	(56)	(56)	-	-
Finance cost/Income	(31)	(18)	(31)	(41)	(1)	(0)
Income tax expense	(0)	(0)	-	-	-	-
Profit/(loss) for the year	17	7	(34)	(94)	(3)	(0)
Other comprehensive income/(loss)	1	1	(0)	(0)	-	-
Total comprehensive income/(loss)	18	8	(34)	(94)	(3)	(0)

iv) Individually immaterial associates

	March 31, 2023	March 31, 2022
Aggregate carrying amount of individually immaterial associates		
Equity share capital	0	0
Reserves and surplus	(4)	(1)
Aggregate amounts of the Group's share of:		
Profit/(loss) from continuing operations	(3)	(4)
Other comprehensive income	-	-
Group's share of total comprehensive income from individually immaterial associates	(2)	(2)

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Note 46 - Additional information required by Schedule III

	As at March 31, 2023		As at March 31, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2023		As at March 31, 2022	
	Net Assets As %	Net Assets Amount	Net Assets As %	Net Assets Amount	Share in TCL (TCL) As %	Share in TCL (TCL) Amount	Share in TCL (TCL) As %	Share in TCL (TCL) Amount	Share in OCI (OCI) As %	Share in OCI (OCI) Amount	Share in OCI (OCI) As %	Share in OCI (OCI) Amount	Share in profit / (loss) - As %	Share in profit / (loss) Amount	Share in profit / (loss) - As %	Share in profit / (loss) Amount	Share in profit / (loss) - As %	Share in profit / (loss) Amount	Share in profit / (loss) - As %	Share in profit / (loss) Amount
Consolidated																				
Parent Company	100%	2,673	100%	2,914	100%	(1,151)	100%	(784)	100%	(56)	100%	245	100%	(1,095)	100%	(1,029)				
Aequus Private Limited	184%	4,914	156%	4,548	38%	(435)	227%	(1,784)	-2%	1	1%	2	40%	(436)	174%	(1,786)				
Indian Subsidiaries																				
AeroStructures Manufacturing India Private Limited	58%	1,552	58%	1,686	14%	(156)	12%	(92)	-9%	5	1%	4	15%	(161)	9%	(96)				
Aerospace Manufacturing Holdings Private Limited	-3%	(70)	-2%	(55)	1%	(6)	1%	(7)	0%	-	0%	-	1%	(6)	1%	(7)				
Aequus Force Consumer Products Pvt. Ltd. (AFCPPL)	13%	358	3%	101	26%	(299)	0%	-	-1%	0	0%	-	27%	(299)	0%	-				
Aequus Force Technology Private Limited (Tirdia)	0%	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-				
Aequus Engineered Plastics Private Limited (AEPL)	11%	288	-1%	(27)	17%	(197)	60%	(471)	2%	(1)	1%	2	18%	(198)	46%	(473)				
Aequus Consumer Products Private Limited (ACPPL)	10%	260	5%	132	15%	(178)	7%	(56)	1%	(1)	0%	-	16%	(177)	5%	(56)				
Aequus Home Appliances Private Limited (AHAPL)	1%	37	0%	7	1%	(11)	0%	(3)	0%	-	0%	-	10%	(11)	0%	(3)				
Aequus Toys private limited (ATPL)	21%	556	7%	204	10%	(114)	0%	(1)	0%	-	0%	-	5%	(59)	0%	(2)				
Koppal Toys Moulding COE Private Limited (KTMCPPL)	8%	217	3%	78	5%	(59)	0%	(2)	0%	-	0%	-	0%	(4)	0%	(0)				
Koppal Toys Tooling COE Private Limited (KTTCPPL)	1%	37	1%	40	0%	(4)	0%	(0)	0%	-	0%	-	0%	(4)	0%	(0)				
Aerostructures Assemblies India Private Limited (AAPI)	4%	113	4%	109	0%	2	-5%	41	-1%	0	0%	-	0%	2	-4%	41				
Aequus Material Management Private Limited (AMMPL)	0%	(1)	-	-	0%	(1)	-	-	-	-	-	-	-	(1)	-	-				
Foreign Subsidiaries																				
Aequus Aerospace France SAS, France	-15%	(401)	-10%	(288)	12%	(133)	7%	(56)	72%	(40)	6%	15	8%	(92)	7%	(71)				
Aequus Aerospace BV (AABV)	0%	6	3%	86	13%	(155)	9%	(71)	130%	(73)	11%	26	8%	(82)	9%	(97)				
Aequus Aerospace LLC (AALLC)	33%	872	27%	799	1%	(14)	-1%	7	30%	(17)	-2%	(5)	0%	3	-1%	12				
Aequus Holdings France, SAS (AHF)	-51%	(1,376)	-43%	(1,239)	12%	(138)	70%	(552)	145%	(81)	13%	32	5%	(57)	57%	(584)				
Aequus Aero Machine Inc. (AAM)	12%	320	9%	264	-2%	23	0%	(1)	14%	(8)	-1%	(3)	-3%	31	0%	1				
Aequus Oil and Gas LLC (AOGLLC)	-4%	(102)	-3%	(96)	8%	(90)	2%	(16)	165%	(92)	-11%	(27)	1%	(6)	-1%	10				
Bernar SAS (Bernar)	-16%	(436)	-13%	(388)	4%	(50)	-1%	5	58%	(32)	6%	15	2%	(17)	1%	(10)				
SCI Du Champ De Piovinas	2%	49	1%	40	-1%	8	-	5	-5%	3	0%	(1)	-1%	6	-1%	6				
Aequus Force Technology Company limited (HK)	0%	3	-1%	(16)	-2%	21	0%	1	0%	0	0%	-	-2%	21	0%	1				
Aequus Toys Hongkong Private Limited	0%	1	0%	(0)	0%	3	0%	(1)	-1%	1	0%	-	0%	2	0%	(1)				
Minority Interests																				
Aequus Oil and Gas LLC (AOGLLC)	0%	(10)	0%	(5)	0%	0	0%	(1)	-8%	(1)	1%	1	0%	4	0%	0				
Aequus Force Consumer Products Pvt. Ltd. (AFCPPL)	-4%	(104)	0%	10	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-				
Aequus Force Technology Private Limited (India)	0%	0	0%	0	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-				
Aequus Force Technology Company limited (HK)	0%	1	0%	(7)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-				
Joint Ventures (Investment as per the equity method)																				
Indian																				
SQUAD Forging India Private Limited (SQUAD)	16%	436	13%	371	2%	(21)	6%	(47)	0%	-	0%	(0)	2%	(21)	5%	(47)				
Aerospace Processing India Private Limited (API)	5%	139	4%	131	-1%	13	0%	3	0%	-	0%	0	-1%	13	0%	3				
Aerostructures Assemblies India Private Limited (AAPI)	0%	-	0%	-	0%	-	1%	(8)	0%	-	0%	-	0%	-	1%	(8)				
Aequus Rajas Extrusion Private Limited (AREPL)	0%	0	0%	0	0%	1	0%	(0)	0%	-	0%	-	0%	1	0%	(0)				
Aequus Force Consumer Products Private Limited (AFCPPL)					0%	(84)	11%	(84)					0%		8%	(84)				
(till March 30, 2022)																				
Associates (Investments as per the equity method)																				
Aequus Foundation	0%	(4,986)	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-				
Add/ (Less) Effect of intercompany and consolidation adjustment/eliminations				(3,572)		839	0%	2,409	0%	275	0%	183	0%	563	0%	2,225				

Notes to consolidated financial statements for the year ended March 31, 2023

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

Note 47 - Discontinued Operations**(a) Description**

On March 31, 2021, the Group announced its intention to liquidate its subsidiary Aequs Oil and Gas LLC (AOGLLC), USA. The associated loss on business are therefore shown separately as discontinuing operations in statement of profit and loss and assets and liabilities are presented as held for sale in financial statements for the years ended March 2022 and March 2021.

In March 2023, the Group announced its intention not to commence operations in its subsidiary Koppal Toys Tooling Private Limited (KTTPPL). The associated loss on business are therefore shown separately as discontinuing operations in statement of profit and loss and assets and liabilities are presented as held for sale in financial statements for the year ended March 2023.

In July 2022, the Group announced its intention to close its subsidiary Aequs Force Technology Private limited (India) which is yet to commence operations. The associated loss from this entity is therefore shown separately as discontinuing operations in statement of profit and loss and assets and liabilities are presented as held for sale in financial statements for the year ended March 31, 2023.

(b) Financial Performance and Cash Flow Information

The financial performance and cash flow information of discontinuing operations presented as follows:

	March 31, 2023				March 31, 2022
	AOGLLC	KTTPPL	AFTPL (INDIA)	Total	AOGLLC
Revenue	-	-	-	-	-
Other income	-	0	-	0	14
Expenses	(2)	(6)	-	(8)	(4)
Profit/(Loss) before Income tax during the year	(2)	(6)	-	(8)	10
Income tax expense	-	-	-	-	-
Profit/(Loss) after Income tax during the year	(2)	(6)	-	(8)	10

Cash flows

Net Cash Inflow/(Outflow) from Operating Activities	(2)	(2)	-	(4)	1
Net Cash Inflow/(Outflow) from Investing Activities	-	(28)	-	(28)	-
Net Cash Inflow/(Outflow) from Financing Activities	0	9	-	9	(0)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	(3)	(21)	-	(23)	(1)

(c) Assets and liabilities of disposal group classified as held for sale

	March 31, 2023				March 31, 2022
	AOGLLC	KTTPPL	AFTPL (INDIA)	Total	AOGLLC
Assets classified as Held for Sale:					
Capital work-in-progress	-	29	-	29	-
Trade receivables	-	-	-	-	-
Inventories	-	-	-	-	-
Other current assets	1	20	-	21	3
Total assets of disposal group held for sale	1	49	-	50	3
Liabilities directly associated with Assets classified as Held					
Borrowings	(0)	(9)	-	(9)	-
Trade Payables	-	(2)	-	(2)	-
Other current liabilities	0	(0)	-	0	(0)
Total liabilities of disposal group held for sale	0	(11)	-	(11)	(0)
Net Assets	1	38	-	39	3



Notes to consolidated financial statements for the year ended March 31, 2023
(All amounts are in INR Millions, except share data, unless otherwise stated)

Note 48 - Additional regulatory information required by Schedule III

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

(ii) Wilful defaulter: The Group 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 Group 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 Group has complied with the number of layers prescribed under the Companies Act, 2013.

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

(vi)(a) The Parent Company has advanced or loaned or invested the funds to other entities (Intermediaries) during the year ended March 31, 2023 for the purposes / as agreed with the Intermediary stated below.

Nature of amount	Intermediary to whom amount was given to	Amount	Ultimate Beneficiary	Purpose
Loan	Aequs Aerospace BV	129	-	To repay the loan to banks and other related parties
Investment	Aequs Toys Private Limited, India	195	Koppal Toys Molding COE Private Limited	To make the investment in other related party
Investment	Aequs Consumer Products Private Limited	40	Aequs Home Appliance Private Limited	To make the investment in other related party

(vi)(b) The Parent Company has received the following funds from other entities (Funding Parties) with the understanding (whether recorded in writing or otherwise) that the Company shall lend or invest in other entities (Ultimate Beneficiaries) during the year ended March 31, 2023 for the purposes stated below.

Nature of amount	Funding Party	Amount	Ultimate Beneficiary	Purpose of further investment or lending
Investment	Aequs Manufacturing Investments Private Limited	72	SQUAD Forging India Private Limited	Business operations
Investment	Aequs Manufacturing Investments Private Limited	210	Aequs Engineered Plastics Private Limited	Business operations
Investment	Aequs Manufacturing Investments Private Limited	118	Aequs Force Consumer Products Private Limited	Business operations
Investment	Aequs Manufacturing Investments Private Limited	244	Aequs Consumer Products Private Limited	Business operations and further investing
Investment	Aequs Manufacturing Investments Private Limited	430	Aequs Toys Private Limited, India	Business operations and further investing
Investment	Amicus Capital Partners India Fund I/Amicus Capital Private Equity I LLP	300	Aequs Engineered Plastics Private Limited	Business operations
Investment	Amicus Capital Private Equity I LLP	330	Aequs Force Consumer Products Private Limited	Business operations
Loan	Aequs Manufacturing Investments Private Limited	65	Aequs Engineered Plastics Private Limited	Business operations
Loan	Aequs Manufacturing Investments Private Limited	125	Aequs Force Consumer Products Private Limited	Business operations
Loan	Aequs Manufacturing Investments Private Limited	24	Aequs Consumer Products Private Limited	Business operations
Loan	Aequs Manufacturing Investments Private Limited	129	Aequs Aerospace BV	To repay the loan to banks and other related parties



(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 Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

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

(x) The Group does not own any immovable properties in India.

(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 Group from bank have been applied for the purposes for which such loans were taken.

(xiii) The Group 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 Group did not have any derivative contracts as at March 31, 2023.

(xiv) The Group has one Core Investment Group (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.

49. As per the provisions of Section 203 of the Companies Act, 2013 read with Rule 8A of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Aerospace Processing India Private Limited (APIPL) was required to appoint a Company Secretary post the resignation of its existing Company Secretary. However, APIPL was unable to do so within the permissible time limit specified in the Act. APIPL, thereafter, appointed a Company Secretary on January 13, 2022 (delay of fifteen days). APIPL is in the process of filing adjudication application under Section 454 of the Companies Act, 2013. Based on the Management's assessment the potential impact of penalty on account of delay in appointment of Company Secretary on the financial statements is not expected to be material and APIPL has accrued INR 1 during the year towards potential penalty amount.

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

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Notes to consolidated financial statements for the year ended March 31, 2023**(All amounts are in INR Millions, except share data, unless otherwise stated)**

51. Aerostructures Manufacturing India Private Limited (ASMIPL) had guaranteed a loan availed by Aequs Aerospace BV, Netherlands ("AABV"), an associate of ASMIPL from a bank in India in 2016. Due to lack of sufficient funds at the associate, repayment of some instalments of the loan and corresponding interest, amounting to Rs.118 million was paid by ASMIPL 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, ASMIPL 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, ASMIPL has recognised an impairment loss aggregating to Rs.118 million with respect to the said receivables from AABV.

Subsequent to the year end, ASMIPL 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.

52. In Aequs Engineered Plastics Private Limited (AEPPL), trade payables include amounts payable in foreign currency to the overseas vendor amounting to INR 1 as at March 31, 2023 which are outstanding for more than three years which is not in compliance with RBI Master Direction FED Master Direction No. 17/2016-17 dated January 1, 2016 on Import of Goods and Services. Subsequent to the year end, AEPPL has intimated the details of these balances to the AD Bank and is currently in the process of obtaining approval from the Reserve Bank of India for settlement of these balances. Management believes that potential penalty, if any, that may arise on account of this non-compliance with the above directions is not readily ascertainable and consequently the same has not been accounted for in these financial statements.

53. In Aequs Force Consumer Products Private Limited (AFCPPL), trade payables include amounts payable in foreign currency to the overseas vendor amounting to INR 2 as at March 31, 2023 which are outstanding for more than three years which is not in compliance with RBI Master Direction FED Master Direction No. 17/2016-17 dated January 1, 2016 on Import of Goods and Services. Subsequent to the year end, AFCPPL has intimated the details of these balances to the AD Bank and is currently in the process of obtaining approval from the Reserve Bank of India for settlement of these balances. Management believes that potential penalty, if any, that may arise on account of this non-compliance with the above directions is not readily ascertainable and consequently the same has not been accounted for in these financial statements.

54. As part of the overall group restructuring plan, the management of Koppal Toys Tooling COE Private Limited has decided that the Company would not commence operations and would cease to be a going concern as on 31st March 2023. Hence, the financials for FY 2023 have been prepared on liquidation basis. The Group is in the process of preparing a detailed liquidation plan.

55. Subsequent events

i. On April 21, 2023, the parent company has issued second tranche of Compulsorily Convertible Preference Shares (CCPS) worth INR 739 as per below details-

Name of Holder	No. of CCPS	Value of CCPS
Amicus Capital Partners India Fund I	66,007,260	INR 739

These CCPS carry terms and conditions similar to the first tranche of CCPS as mentioned in Note 16(i)(c)

ii. In May 2023, SCI Du Champ De Pivoines, a subsidiary company, has sold the investment property to an outside party for a consideration of INR 246 (Euro 2.75Mn).

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Aegus Private Limited

CIN : U80302KA2000PTC026760

Notes to consolidated financial statements for the year ended March 31, 2023

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

56. The financial statements were approved for issue by the Board of Directors on September 23, 2023.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016



A. J. Shaikh

Partner

Membership No.: 203637

Place: Bengaluru

Date: September 23, 2023

For and on behalf of the Board of Directors



Rajeev Kaul

Managing Director & Chief Operating Officer (COO)

DIN-01468590



Dinesh Iyer

Chief Financial Officer

Place: Belagavi

Date: September 23, 2023



Ajay Prabhu

Director

DIN-00477195



Ravi Hugar

Company Secretary

M. No. - A20823