

**Independent Auditor's Report
To the Members of Dassault Reliance Aerospace Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of **Dassault Reliance Aerospace Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the {Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its losses and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 35 to the financial statements, which indicates that the Company incurred a net loss (excluding other comprehensive loss) of Rs. 42.02 million during the year ended 31 March 2024 and, as of that date the Company's current liabilities exceeds its current assets by Rs. 1,315.37 million. As further disclosed in the aforesaid note, read together with note 13(2) and note 13(3) to the financial statements, the Company is seeking extension with respect to repayment of External Commercial Borrowings taken from one of its related parties, repayment default whereof resulted in certain consequences as stated in the said note, and is confident to get the approval for the same, as principal agreement between shareholders is prevailing on funding arrangements to the continuity of business. These events or conditions indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters as disclosed in paragraph 2(j)(vi) of this report.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) The matter described in the Material Uncertainty Related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B, wherein we have expressed a qualified opinion.
 - (h) In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year. Accordingly, the provisions of Section 197(16) of the Act are not applicable.
 - (i) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(j)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, 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 ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b. The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account for the financial year ended 31 March 2024, which has a feature of recording audit trail (edit log) facility, however the same did not operate throughout the year for all relevant transactions recorded in the software. Consequently, we are unable to comment on instances of audit trail feature being tampered with (if any).

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, as amended is applicable for the Company only w.e.f. 1 April 2023, therefore, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, as amended, on preservation of audit trail as per the statutory requirements for record retention is not applicable for financial year ended 31 March 2024.

For S.N. Dhawan & CO LLP
Chartered Accountants
Firm Registration No.: 000050N/N500045

Rajeev Kumar Saxena
Partner
Membership No.: 077974
UDIN: 24077974BKEZVF6736

Place: Gurugram
Date: 27 June 2024

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of **Dassault Reliance Aerospace Limited** on the financial statements as of and for the year ended 31 March 2024)

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and for right of use assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of property, plant and equipment in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, the Company does not hold any immovable property (other than properties where the Company is lessee, and the lease agreements are duly executed in favour of the lessee). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.

(d) The Company has not revalued any of its property, plant and equipment (including right of use assets) and intangible assets during the year, being under cost model. Accordingly, the provisions of clause 3(i)(d) of the Order are not applicable.

(e) There are no proceedings which have been initiated or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for stocks in transit. However, the Company has process in place for periodic reconciliation of inventory in transit. According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the coverage and procedure of such verification by the management is appropriate and no material discrepancies of 10% or more in the aggregate for each class of inventory were noticed on physical verification as compared to the book records.

(b) According to the information and explanations given to us, during the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii) (b) of the Order are not applicable.
- iii) According to the information and explanations given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties. Accordingly, the provisions of clause 3(iii)(a) to (f) of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposits nor the amounts which are deemed to be deposits during the year and further the Company had no unclaimed deposits at the beginning of the year within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) that have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year, except for, the default in the payment of interest on external commercial borrowings to the lender during the year, which are detailed below:

Nature of borrowing	Name of lender	Amount not paid on due date (Rs. in Million)	Whether principal or interest	Period of interest	Due date	No. of days delay or unpaid	Remarks, if any
External commercial borrowing - Loan 2		1,173.69	Principal	NA	21-12-2023	189	Extension for repayment received till 30-09-2024
External commercial borrowing - Loan 2	Dassault Aviation S.A.	18.32	Interest	21-12-2023 to 20-06-2024	20-06-2024	7	Lender has authorised the Company to postpone the payment of interest from 20-12-2019 till 30-06-2022. No extension has been granted thereafter.
		32.80		21-06-2023 to 20-12-2023	20-12-2023	190	
		25.74		21-12-2022 to 20-06-2023	20-06-2023	373	
		12.76		21-06-2022 to 20-12-2022	20-12-2022	555	
		11.08		21-12-2021 to 20-06-2022	20-06-2022	738	
		11.14		21-06-2021 to 20-12-2021	20-12-2021	920	
		11.08		21-12-2020 to 20-06-2021	20-06-2021	1,103	
		11.14		21-06-2020 to 20-12-2020	20-12-2020	1,285	
		11.13		21-12-2019 to 20-06-2020	20-06-2020	1,468	
		11.14		21-06-2019 to 20-12-2019	20-12-2019	1,651	
External commercial borrowing - Loan 3		10.48		18-09-2023 to 17-03-2024	17-03-2024	103	
		8.83		18-03-2023 to 17-09-2023	17-09-2023	285	
		6.42		18-09-2022 to 17-03-2023	17-03-2023	469	
		3.51		18-03-2022 to 17-09-2022	17-09-2022	650	
		3.44		18-09-2021 to 17-03-2022	17-03-2022	834	
		3.49		18-03-2021 to 17-09-2021	17-09-2021	1,015	

Nature of borrowing	Name of lender	Amount not paid on due date (Rs. in Million)	Whether principal or interest	Period of interest	Due date	No. of days delay or unpaid	Remarks, if any
		3.44		18-09-2020 to 17-03-2021	17-03-2021	1,199	
		3.49		18-03-2020 to 17-09-2020	17-09-2020	1,380	
		3.45		17-09-2019 to 17-03-2020	17-03-2020	1,564	
Total		1,376.57					

(b) According to the information and explanations given to us, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

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

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

(e) In our opinion and according to the information and explanations given to us, the Company does not have any subsidiary, associate or joint venture. Accordingly, the provisions of clause 3(ix)(e) and (f) of the Order are not applicable.

(x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of clause 3(x)(a) of the Order are not applicable.

(b) During the year, Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally). Accordingly, provisions of clause 3 (x)(b) of the Order are not applicable.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

(b) No report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended) with the Central Government, during the year and upto the date of this report.

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

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

(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards. The provisions of Section 177 of the Act are not applicable to the Company.

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

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

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi)(a) of the Order are not applicable.
- (b) The Company has not conducted non-banking financial or housing finance activities during the year.
- (c) The Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, provisions of clause 3(xvi)(c) of the Order are not applicable.
- (d) Based on the information and explanations provided by the management, the Group does not have any CICs, which are part of the Group.
- (xvii) The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, we are of the opinion that material uncertainty exists as on the date of the audit report that the Company may not be capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date unless the extension of external commercial borrowing due in September 2024 or funding from any other alternative source to repay this loan is received. The management is confident to get the approval for extension, as principal agreement between shareholders is existing on funding arrangements to the continuity of business. (Refer 'Material Uncertainty Related to Going Concern' para in the main audit report).
- (xx) Since the provisions of Section 135 of the Act are not applicable to the Company. Accordingly, provisions of clause 3 (xx) (a) and (b) of the Order are not applicable.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **S. N. Dhawan & CO LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

Rajeev Kumar Saxena
Partner
Membership No.: 77974
UDIN: 24077974BKEZVF6736

Place: Gurugram
Date: 27 June 2024

Annexure B to the Independent Auditor's Report of even date

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report to the Members of **Dassault Reliance Aerospace Limited** on the financial statements as of and for the year ended 31 March 2024)

Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control with reference to financial statements issued by the Institute of Chartered Accountants of India. 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 Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at 31 March 2024:

We draw attention to Note 42 to the financial statements, which states that the Company did not have an appropriate internal control system for validation of effective manhours having an impact on the inventory valuation in previous years, as a result several manual adjustment entries were made in inventory valuation in the previous year(s), which continued in the current financial year to the extent of outstanding inventory carried forward from previous year(s) without adequate controls, which could potentially result in material misstatements in the Company's inventory and respective expenses.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of 31 March 2024, based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2024 financial statements of the Company, and the material weakness does not affect our opinion on the financial statements of the Company.

For S. N. Dhawan & CO LLP

Chartered Accountants

Firm Registration Number: 000050N/N500045

Rajeev Kumar Saxena

Partner

Membership No.: 077974

UDIN: 24077974BKEZVF6736

Place: Gurugram

Date: 27 June 2024

Dassault Reliance Aerospace Limited
Corporate Identity Number (CIN) U31999MH2017PLC291083
Balance Sheet as at 31 March, 2024

	Notes	Rs. in Millions unless otherwise stated	
		As at 31 March, 2024	As at 31 March, 2023
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	1,703.55	1,773.94
(b) Capital work-in-progress	3	176.80	175.13
(c) Other intangible assets	4	11.23	19.72
(d) Financial assets			
(i) Other financial assets	6	4.59	4.58
(e) Income tax assets (net)	7	1.68	5.15
(f) Other non-current assets	8	1.16	1.24
Total non-current assets		1,899.01	1,979.77
Current assets			
(a) Inventories	9	481.94	298.09
(b) Financial assets			
(i) Trade receivables	5 (i)	42.69	53.70
(ii) Cash and cash equivalents	5 (ii)	204.91	559.83
(iii) Other financial assets	6	0.70	0.82
(c) Other current assets	8	22.70	14.98
Total current assets		752.95	927.42
Total assets		2,651.96	2,907.19
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	10	1,216.91	1,216.91
(b) Other equity	11	(660.56)	(618.19)
Total equity		556.35	598.73
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	-	364.04
(b) Provisions	15	27.29	19.82
Total non-current liabilities		27.29	383.86
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	1,539.61	1,531.70
(ii) Trade payables			
1. Total outstanding dues of micro enterprises and small enterprises	27	7.08	3.50
2. Total outstanding dues of creditors other than micro enterprises and small enterprises	27	115.98	135.65
(iii) Other financial liabilities	14	232.09	176.92
(b) Provisions	15	2.70	1.96
(c) Other current liabilities	16	170.87	74.89
Total current liabilities		2,068.32	1,924.60
Total liabilities		2,095.61	2,308.47
Total equity and liabilities		2,651.96	2,907.19

Summary of material accounting policies
The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For S. N. Dhawan & CO LLP
Chartered Accountants
Firm Registration No. 000050N/NS00045

For and on behalf of the Board of Directors of
Dassault Reliance Aerospace Limited

Rajeev K Saxena
Partner
Membership No. 077974

Rajesh K Dhindra
Director
DIN : 033612092
Place : Delhi
Date : June 27, 2024

Richard Jean Layard
Director
DIN : 05274897
Place : Paris
Date : June 27, 2024

Place : Gurugram
Date : 27 June 2024

Prakash Lute
Chief Executive Officer
Place : Nagpur
Date : June 27, 2024

Manoj Kumar Sharma
Chief Financial Officer
Place : Nagpur
Date : June 27, 2024

Umeshwar Bhat
Company Secretary
Place : Nagpur
Date : June 27, 2024

Dassault Reliance Aerospace Limited

Corporate Identity Number (CIN) : U35999MH2017PLC291083

Statement of Profit and Loss for the year ended 31 March, 2024

	Notes	Rs. in Millions unless otherwise stated	
		For the year ended March 31, 2024	For the year ended 31 March, 2023
Income			
Revenue from operations	17	444.63	510.74
Other income	18	24.57	24.97
Total income (I)		469.20	535.70
Expenses			
Changes in inventories of finished goods, semi-finished goods and work-in-progress	19	(152.13)	(90.65)
Employee benefits expense	20	164.16	159.34
Finance costs	21	90.99	158.77
Depreciation and amortisation expense	22	98.41	99.58
Other expenses	23	309.79	342.48
Total expenses (II)		511.22	669.52
(Loss) before tax (I-II)		(42.02)	(133.82)
Tax expense:			
- Deferred tax		-	-
Total tax expense		-	-
(Loss) for the year		(42.02)	(133.82)
Other Comprehensive (loss)			
Items that will not be reclassified to profit and loss in subsequent years			
- Remeasurement loss on net defined benefit plans		(0.36)	(0.11)
- Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive (loss)		(0.36)	(0.11)
Total Comprehensive (loss)		(42.38)	(133.93)
Earnings per equity share (Face Value of Rs 100 each)			
Basic earnings per share	24	(3.45)	(11.60)
Diluted earnings per share		(3.45)	(11.60)

Summary of material accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our attached Report of even date

For S. N. Dhawan & CO LLP
Chartered Accountants
Firm Registration No 000050N/NS00045

For and on behalf of the Board of Directors of
Dassault Reliance Aerospace Limited

Rajeev K Saxena
Partner
Membership No 077974

Place : Gurugram
Date : 27 June 2024

Rajesh K Dhillon
Director
DIN : 03612092
Place : Delhi
Date : June 27, 2024

Richard Jean Luyfad
Director
DIN : 05274897
Place : Paris
Date : June 27, 2024

Prakash Mittal
Chief Executive Officer
Place : Nagpur
Date : June 27, 2024

Manoj Kumar Sharma
Chief Financial Officer
Place : Nagpur
Date : June 27, 2024

Omprakash Dora
Company Secretary
Place : Nagpur
Date : June 27, 2024

Dassault Reliance Aerospace Limited
Corporate Identity Number (CIN) : U35999MH2017PLC291083
Statement of Cash Flows for the year ended 31 March, 2024

Particulars	Rs. in Millions unless otherwise stated	
	Year ended 31 March, 2024	Year ended 31 March, 2023
Cash flow from operating activities		
Loss before tax	(42.02)	(133.82)
Adjustments for:		
Depreciation and amortisation expense	98.41	99.58
Interest income on fixed deposit with banks	(16.78)	(24.02)
Interest on Income Tax refund	(9.35)	(0.06)
Finance costs	90.88	52.67
Unrealised (gain)/loss on foreign exchange rate fluctuation (net)	(0.34)	118.14
Cash used in operations before working capital changes	129.81	112.48
Adjustments for:		
Change in trade receivables	10.12	(7.89)
Change in other financial assets	(0.09)	(0.13)
Change in other assets	(7.30)	(5.72)
Change in inventories	(183.85)	(172.14)
Change in trade payable	(15.15)	110.75
Change in other financial liabilities	(0.27)	0.75
Change in provisions	7.85	3.86
Change in other liabilities	97.06	15.21
Cash used in operations	38.18	57.16
Income taxes paid	3.82	(1.41)
Net cash used in operating activities (A)	42.00	55.75
Cash flow from investing activities		
Purchase of property, plant and equipment and intangibles	(20.87)	(44.43)
Sale of property, plant and equipment	0.17	-
Interest received on fixed deposits with bank	16.99	24.00
Net cash (used in) investing activities (B)	(3.71)	(20.43)
Cash flow from financing activities		
Repayment of borrowings	(356.20)	-
Interest paid	(36.99)	(2.88)
Net cash generated from/(used in) financing activities (C)	(393.19)	(2.88)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(354.90)	32.44
Cash and cash equivalents as at the beginning of the year	559.83	527.39
Cash and cash equivalents as at end of the year	204.93	559.83
Net Increase/(Decrease) as disclosed above		
Cash and cash equivalents at the end of the year comprises of :		
Cash on hand	0.11	0.09
Balance with banks in current accounts	14.83	244.74
Fixed deposit with original maturity of less than 3 months	190.00	315.00
Total cash and cash equivalents	204.93	559.83

Reconciliation of liabilities arising from financing activities:

1. Borrowings		
Particulars	Year ended 31 March, 2024	Year ended 31 March, 2023
Opening balance	1,895.74	1,789.92
Cash flow changes		
- Repayment of borrowings	(356.20)	-
Non cash changes		
- Exchange difference	0.07	105.82
Closing balance	1,539.61	1,895.74

Dassault Reliance Aerospace Limited

Corporate Identity Number (CIN) : U31599MH2017PLC291083
Statement of Cash Flows for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated

Reconciliation of liabilities arising from financing activities:**2. Interest on borrowings**

Particulars	Year ended 31 March, 2024	Year ended 31 March, 2023
Opening balance		
- Interest accrued	149.10	90.86
Changes during the year		
- Interest charged during the year (including interest capitalized)	90.88	52.67
- Exchange difference	0.70	8.46
- Interest paid during the year	(36.99)	(2.88)
Closing balance		
- Interest accrued	203.69	149.10

Notes:

The Cash Flow Statement has been prepared under the Indirect method as set out in Indian Accounting Standard- 7 on Cash Flow Statements.

As per our attached Report of even date

For S. N. Dhawan & CO LLP
Chartered Accountants
Firm Registration No 000050N/N500045

For and on behalf of the Board of Directors of
Dassault Reliance Aerospace Limited

Rajeev K Saxena
Partner
Membership No 0771974

Place : Gurugram
Date : 27 June 2024

Rajesh K. Dugga
Director
DIN : 03612092
Place : Delhi
Date : June 27, 2024

Richard Jean Lavaud
Director
DIN : 05274897
Place : Paris
Date : June 27, 2024

Prakash Lute
Chief Executive Officer
Place : Nagpur
Date : June 27, 2024

Manoj Kumar Sharma
Chief Financial Officer
Place : Nagpur
Date : June 27, 2024

Ompal Singh Soni
Company Secretary
Place : Nagpur
Date : June 27, 2024

Dassault Reliance Aerospace Limited
 Corporate Identity Number (CIN) : U35999MH2017PLC291083
 Statement of Changes in Equity for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated

(a) Equity share capital

1) Current reporting period

Balance at the beginning of the year	Changes in Equity Share Capital due to prior period	Restated balance at the beginning of the current	Changes in equity share capital during the year	Balance at the end of the year
1,216.91	-	1,216.91	-	1,216.91

2) Previous reporting period

Balance at the beginning of the year	Changes in Equity Share Capital due to prior period	Restated balance at the beginning of the current	Changes in equity share capital during the year	Balance at the end of the year
1,216.91	-	1,216.91	-	1,216.91

(b) Other equity

Particulars	Reserves and Surplus		Total
	Retained earnings	Items of OCI Remeasurements of defined benefit obligations	
Balance as at 01 April, 2022	(484.78)	0.52	(484.26)
Loss for the year	(133.82)	-	(133.82)
Other comprehensive loss, net of tax	-	(0.11)	(0.11)
Balance as at 31 March, 2023	(618.60)	0.41	(618.19)
Loss for the year	(42.02)	-	(42.02)
Other comprehensive loss, net of tax	-	(0.36)	(0.36)
Balance as at 31 March, 2024	(660.62)	0.05	(660.56)

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

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

As per our attached Report of even date

For S. N. Dhawan & CO LLP
 Chartered Accountants
 Firm Registration No. 000050N/NS00045

For and on behalf of the Board of Directors of
 Dassault Reliance Aerospace Limited

Rajeev K Saxena
 Partner
 Membership No. 077974
 Place : Gurugram
 Date : 27 June 2024

Rajesh K Dheogra
 Director
 DIN :03612092
 Place : Delhi
 Date : June 27, 2024

Richard Jean Lavaun
 Director
 DIN : 05274897
 Place : Paris
 Date : June 27, 2024

Prakash Lute
 Chief Executive Officer
 Place : Nagpur
 Date : June 27, 2024

Mansj Kumar Sharma
 Chief Financial Officer
 Place : Nagpur
 Date : June 27, 2024

Umaprakash Soni
 Company Secretary
 Place : Nagpur
 Date : June 27, 2024

Dassault Reliance Aerospace Limited

Notes to financial statements for the year ended 31 March, 2024

1. Material accounting policies:

1.1 Basis of preparation and presentation

(a) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements were authorised for issue by the Company's Board of Directors on 27 June 2024.

(b) Basis of measurement

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into the account the characteristics of the asset or liability if market participants would take those characteristics into account while pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 'Leases' and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize 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."

(c) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make accounting policies and report amounts of assets and liabilities, the disclosures of contingent assets and liabilities, at the date of financial statements and reported amounts of revenues and expenses during the year. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(d) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period,
- Held primarily for the purpose of trading.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period,
- Held primarily for the purpose of trading.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The company has identified twelve months as its operating cycle.

Dassault Reliance Aerospace Limited

Notes to financial statements for the year ended 31 March, 2024

2. Summary of material accounting policies

(a) Revenue

The Company build all customized products for its customer, wherein all the kits/raw material are supplied free of cost by the customer. Such a situation has been defined in standard as Company acting as an agent and recognizes revenues excluding the value of such kits/raw material. In view of the same only conversion charges involved in such contracts as per the Supply and Cooperation agreement executed with the customer has been recognized as revenue.

Revenue is recognized when products are delivered to the customer and acceptance of customer is received.

Interest income is recognized on a time proportion basis after taking into account the principal amount outstanding and the rate applicable.

(b) Inventory

Inventories are valued at lower of cost and net realizable value (NRV). The inventory comprises of consumables, production tools, work in progress, semi-finished goods and finished goods. Work in progress is calculated considering the time spent on the assembly of aircraft component and cost of production on per hour basis. Since as of now the raw materials are supplied free of cost by the customer and the same is not the property of the company, valuation of work in progress, semi-finished goods and finished goods do not include the cost of raw materials supplied free of cost by the customer.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, from translation of monetary assets and liabilities at the reporting date exchange rates are recognized in the Statement of Profit and Loss.

Dassault Reliance Aerospace Limited

Notes to financial statements for the year ended 31 March, 2024

Exchange loss on foreign currency borrowings relating to assets under construction for future productive use are included in the cost of those assets which are regarded as an adjustment to interest cost on those foreign currency borrowings to the extent to which the exchange loss does not exceed the difference between the cost of borrowings in functional currency when compared to the cost of borrowing in a foreign currency.

(d) Financial instruments:

(i) Financial assets

I] Classification

The Company shall classify financial assets in the following measurement categories:

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

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

II] Initial recognition and measurement

Initially, a financial instrument is recognized at its fair value. Transactions cost directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is classified as at fair value through profit & loss.

III] Subsequent measurement

For purpose of subsequent measurement financial assets are classified in two broad categories:

- (a) Financial assets at fair value, or
- (b) Financial assets at amortized cost.

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

Where assets are measured at fair value, gains or loss are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss) or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

All other financial assets are measured at fair value through profit or loss.

IV] Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on a financial asset that is at amortized cost. Loss allowance in respect of financial assets is measured at an amount equal to lifetime expected credit losses and is calculated as the difference between their carrying amount and the present value of the expected future cash flows discounted at the original effective interest rate.

V] Derecognition of financial assets

A financial asset is derecognized only when:

- Right to receive cash flow from assets has expired, or
- The Company has transferred the rights to receive cash flows from the financial asset, or
- It retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement.
- Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.
- Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(ii) Financial liabilities

I] Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings.

II] Subsequent measurement

Financial liabilities at amortized cost: After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

(e) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is

deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(f) Derecognition of financial liabilities

A Financial Liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of Profit and Loss.

(g) Property, plant and equipment:

Property, plant and equipment ("PPE") assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

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.

Property, plant and equipment are eliminated from the financial statements, either on disposal or when retired from active use.

Gains and losses on disposals or retirement of assets are determined by comparing proceeds with carrying amount. These are recognized in the Statement of Profit and Loss.

Capital Work in Progress (CWIP) includes cost of property, plant and machinery under installation/development cost of Building under construction as at balance sheet date. Depreciation is not recorded on Capital Work-in-Progress until construction and installation are complete and the asset is ready for its intended use.

Dassault Reliance Aerospace Limited**Notes to financial statements for the year ended 31 March, 2024**

All project related expenditures viz. civil and electrical works, technical consultancy fees, development and sanction fees, expenditure incidental/attribution to the construction of project, borrowing cost incurred prior to the date of commercial operation and exchange difference arising from foreign currency borrowings capitalized are shown under capital work in progress.

Depreciation method

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Leasehold land is amortized over the lower of estimated useful life and lease term. Based on technical evaluation, the management believes that its estimates of useful lives as given below best represent the period over which management expects to use these assets:

Category	Useful life
Building	30 years
Vehicles	8 years
Leasehold land	30 years
Furniture and fixtures	5 - 10 years
Office equipment	3 - 15 years
Computers including hardware	3 - 15 years
IT equipment	6 - 10 years
Plant and machinery	1 - 20 years
Roads	5 years
Electrical installation	3- 25 years

(h) Intangible assets:

Intangible assets are stated at cost of acquisition net of tax/duty credits availed, if any, less accumulated amortization / depletion. Cost includes expenditure directly attributable to the acquisition of asset.

Amortization method

Intangible assets capitalized are amortized on straight line basis over the period of 3 to 6 years.

(i) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(j) Contingent liabilities

Contingent liabilities are possible obligation that arise from past events and whose existence will only be confirmed by that occurrence or non-occurrence of one or more future events not wholly within the control of the company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgement of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

(k) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise of cash on hand, demand deposits with Banks, 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.

(l) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(m) Borrowing costs

Borrowing costs include interest, amortization of ancillary cost incurred in connection with the arrangement of borrowings and exchange difference arising from foreign currency borrowings to the extent they are regarded as adjustment to the interest cost. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to

complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

(n) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at each balance sheet date. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(o) Employee benefits

(i) Short-term obligations

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

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund, superannuation fund etc.

Defined benefit plans

(a) Gratuity obligations

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Dassault Reliance Aerospace Limited

Notes to financial statements for the year ended 31 March, 2024

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occur.

(b) Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company makes monthly contributions based on a specified percentage of each eligible employee's salary.

(iii) Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss. The obligations are presented as current liabilities in the balance sheet if 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.

The obligations are presented as current liabilities in the balance sheet if 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.

(p) Earnings per share

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

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

(q) Leases

The Company's lease asset classes primarily consist of leases for land. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The Company has elected not to recognize

right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

Customer furnished assets used exclusively to fulfil the sales contract

The contracts involving customer furnished assets are evaluated to identify the existence of leases. The leases in such cases are recognized if:

- (i) The assets are identified ones
- (ii) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
- (iii) The Company has the right to direct how and for what purpose the identified asset is used throughout the period of use

In other cases, assuming the conditions (i) and (ii) above are also satisfied, lease is recognized where the relevant decisions about how and for what purpose the asset is used are predetermined and:

- (i) The Company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the customer having the right to change those operating instructions; or
- (ii) The Company designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Dassault Reliance Aerospace Limited

Notes to financial statements for the year ended 31 March, 2024

In assessing the control transferred through the rights to use the asset, the Company evaluates the following criteria:

- (i) **Linked contracts** — the right to use the asset is directly linked to the revenue arrangement. That is, the arrangement is executed as part of one contract or each part of two or more contracts is deemed to be combined and accounted for as a single transaction since the contracts are interdependent.
- (ii) **Coterminous period** — some or all of the period of use of the asset is coterminous with the revenue arrangement. As discussed further below, if the period of use for the asset begins before or ends after the revenue arrangement, this condition would only be satisfied (and therefore net treatment would only be appropriate) for the overlapping period.
- (iii) **Restricted use** — During the coterminous period identified in criterion 2, the vendor's use of the asset is either restricted contractually or limited practically to solely transferring the goods or services promised in the revenue arrangement, including restricting the vendor from assigning or transferring the rights of the asset without the customer's consent.

When the above three criteria are met, the substance of the transaction is that there are no leases (i.e. neither inbound nor outbound) and the accounting is done on a net basis (i.e., there are no separate accounting effects related to the customer-furnished assets).

Indusair Refractive Aerospace Limited
Notes to the financial statements for the year ended 31 March, 2024

Rs. In Millions unless otherwise stated

3 Property, plant and equipment

	Amount in CWP for a period of										
	<1 year	1-2 years	2-3 years	More than 3 years	Total	Accumulated depreciation	Net carrying amount as at	Carryover from previous year	Net carrying amount as at	Total	
Gross Carries Amovato:	305.89	13.3	18.40	18.18	18.47	54.64	1,021.42	1.89	591.71	2,681.03	18.48
Additions	1.42	1.99	1.18	0.84	3.17	3.17	0.61	-	-	10.21	29.98
Capitalisation	-	-	-	-	-	-	-	-	-	-	(3.31)
Deletion/disposal	31.33	21.53	31.53	17.34	11.31	57.61	1,851.05	1.80	591.71	2,051.86	175.13
Balance at 31 March, 2023	16.21	0.74	0.74	1.07	0.07	0.11	-	-	-	18.58	7.69
Capitalisation	-	-	0.6	0.41	-	-	-	-	-	-	(1.42)
Deletion/disposal	33.52	21.79	30.01	13.98	57.89	1,851.05	1.30	91.10	591.71	2,051.86	174.80
Balance at 31 March, 2024	49.73	22.53	30.75	14.48	57.96	0.11	-	-	-	18.58	6.27
Accumulated Depreciation	10.45	0.83	8.87	6.63	6.39	15.61	64.41	1.35	11.24	300.09	-
Balance at 01 April, 2023	11.82	0.19	1.96	3.03	3.16	7.41	36.23	0.36	4.75	19.80	87.90
Depreciation charge during the year	-	-	-	-	-	-	-	-	-	-	-
Deletion/disposal	43.26	1.50	5.93	2.67	8.55	23.03	120.85	1.71	16.79	58.20	287.08
Balance at 31 March, 2023	13.72	0.19	2.09	2.94	1.51	7.44	30.26	0.04	4.74	19.40	89.29
Depreciation charge during the year	35.99	1.59	3.84	12.23	18.04	30.64	154.90	1.80	31.47	78.00	0.41
Deletion/disposal	18.99	2.81	15.46	9.89	2.16	34.40	83.10	0.18	14.38	53.51	178.13
Balance at 31 March, 2024	171.53	1.86	14.01	17.7	19.2	25.16	396.14	0.09	58.63	515.71	3,763.85

Net carrying amount as at 31 March, 2023

Net carrying amount as at 31 March, 2024

4) Project in progress

Particulars	Amount in CWP for a period of				Total
	<1 year	1-2 years	2-3 years	More than 3 years	
1. Phase 1 & 2 Assembly Hanger (refer footnote (i) below)	16.00	21.96	126.16	174.10	338.22
2. Palletdown Storage Building	0.46	0.37	-	-	1.03
3. Others	1.67	-	-	-	1.67
Total	18.13	22.33	126.16	174.10	340.72

5) Provision regarding period 2012-23

Particulars	Amount in CWP for a period of				Total
	<1 year	1-2 years	2-3 years	More than 3 years	
1. Phase 1 & 2 Assembly Hanger (refer footnote (i) below)	26.00	21.96	125.16	0.98	174.10
2. Palletdown Storage Building	0.57	-	-	-	0.57
3. Others	0.46	-	-	-	0.46
Total	27.03	21.96	125.16	0.98	175.13

Notes

(i) Capital work-in-progress mainly comprises of civil and electrical works, technical consultancy fees, development and revision fees, expenditure incidental/deductible to the construction of project. M/s EGIS India Consulting Engineers Pvt. Ltd. used M/s. SPMCC Design Consultant during January 2020. In the meantime, due to outbreak of Covid-19 and steep rise in the prices of steel and other equipment, the project cost was estimated at compared to initial estimates. It is decided to have M/s. SPMCC as a special work due to project cost exceeding the budget. During financial year 2020-21, EGIS worked on finalising design documents of proposed hanger and engaged in finalising process of finalising L1 contractor and commencing of DRAL. However, during Q1-FY 21-22, further design changes were submitted in the final design document, including certain scope related to construction of L1. In the first half of FY 21-22, the construction cost was not sufficient to start the construction activities during Q1-FY 21-22. The construction contractor had submitted revised offer prices with significant hike in Q1-FY 21-22. Due to upward change in construction price, DRAL could not proceed with the award of contract as expected in Q1-FY 21-22. During Q1-FY 22-23, the project was revisited with further changes in design documents and as well as change in scope of work with 77% design. However, pending finalisation of financing of the project activities between the shareholders has caused some further delay in project execution. As on 31 March 2024, the Company is aggressively pursuing to resolve the aforesaid situation and expect to have the final discussion with the shareholders in the first half of financial year 2024-25 relating to reviving project funding and revised business plan of DRAL. Hence activities, which primarily includes the start of construction activities, as detailed and consistent of project being revived soon.

(ii) No proceedings have been initiated or pending against the Company for holding any immovable property under Board Transactions (Prohibition) Act, 1988 (as of 1988) and rules made thereunder.

Dassault Reliance Aerospace Limited

Notes to the financial statements for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated

4 Other intangible assets

	Computer Software	Total
Gross Carrying Amount:		
Balance at 01 April, 2022	37.93	37.93
Additions	11.52	11.52
Balance at 31 March, 2023	49.45	49.45
Additions	0.72	0.72
Balance at 31 March, 2024	50.17	50.17
Accumulated Amortisation		
Balance at 01 April, 2022	18.06	18.06
Charge for the year	11.67	11.67
Balance at 31 March, 2023	29.73	29.73
Charge for the year	9.21	9.21
Balance at 31 March, 2024	38.94	38.94
Net Carrying amount		
Balance as at 31 March, 2023	19.72	19.72
Balance as at 31 March, 2024	11.23	11.23

Note:

i) Intangible assets are other than internally generated.

Dassault Business Aerospace Limited
Notes to the financial statements for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated or otherwise stated

5 Financial assets :

(B) Trade receivables

	As at 31 March, 2024		As at 31 March, 2023	
	Current	Non-Current	Current	Non-Current
Trade receivables	-	-	-	-
Receivable from related parties (Refer note 26)	42.69	-	53.70	-
Less: Allowance for doubtful debts	-	-	-	-
Total receivables	42.69	-	53.70	-
Break-up of security details				
Trade Receivables considered good - Secured	-	-	-	-
Trade Receivables considered good - Unsecured*	42.69	-	53.70	-
Trade Receivables which have significant increase in Credit Risk	-	-	-	-
Trade Receivables - credit impaired	-	-	-	-
Total	42.69	-	53.70	-
Allowance for doubtful debts	-	-	-	-
Total trade receivables	42.69	-	53.70	-

*As at March 31, 2024 the company has outstanding trade receivables of Rs. 42.69 Mn (Previous year Rs. 53.70 Mn) relating to related parties. Above trade receivables pertain to contract with customers as defined under Ind AS 115 on revenue from contract with customers. No trade or other receivables are due from directors or other officers of the company.

Trade receivables ageing schedule

a) Current reporting period (As at 31 March, 2024)

Particulars	Outstanding for following periods from due date of payments					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	42.69	-	-	-	-	42.69
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	42.69	-	-	-	-	42.69

b) Previous reporting period (As at 31 March, 2023)

Particulars	Outstanding for following periods from due date of payments					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	53.70	-	-	-	-	53.70
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	53.70	-	-	-	-	53.70

(ii) Cash and cash equivalents

	As at 31 March, 2024	As at 31 March, 2023
Balances with banks		
- On current accounts	14.83	244.74
Fixed deposit with original maturity of less than 3 months	190.00	315.00
Cash on hand	0.11	0.09
	204.93	559.83

Note: Short term deposits are made for a period of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

Dassault Relevance Assurance Limited
Notes to the financial statements for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated or otherwise stated

6 Financial assets: Other financial assets

	As at 31 March, 2024		As at 31 March, 2023	
	Current	Non-Current	Current	Non-Current
Security deposits	-	4.59	-	4.58
Advance to employees	0.19	-	0.11	-
Interest accrued on fixed deposits	0.50	-	0.71	-
	<u>8.70</u>	<u>4.59</u>	<u>0.82</u>	<u>4.58</u>

7 Income tax assets (net)

	As at	
	31 March, 2024	31 March, 2023
Tax deducted at source (net of provision for tax)	1.68	5.15
	<u>1.68</u>	<u>5.15</u>

8 Other Assets

	As at 31 March, 2024		As at 31 March, 2023	
	Current	Non-Current	Current	Non-Current
Capital advances	-	0.67	-	0.33
Advance to / recoverable from vendors	12.70	-	3.17	-
Prepaid expenses	9.10	0.49	11.31	0.96
Input tax credit receivable	0.89	-	0.50	-
	<u>22.70</u>	<u>1.16</u>	<u>14.98</u>	<u>1.24</u>

Note: No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

9 Inventories

	As at	
	31 March, 2024	31 March, 2023
Work in progress	205.16	112.45
Semi finished goods	1.00	25.10
Finished goods	139.60	56.07
Consumables	65.40	44.54
Production tools	70.78	59.93
	<u>481.94</u>	<u>298.09</u>

Note:

- i) Finished goods includes Goods in transit of Rs. 139.60 million (As at 31 March 2023 Rs. 46.17 million)
- ii) Inventories are valued at lower of cost and net realizable value (NRV).

Dassault Rafale Aerospace Limited
Notes to the financial statements for the year ended 31 March, 2024

10 Equity share capital

The authorised, issued, subscribed and fully paid-up equity share capital comprises of the following:

	Rs. in Millions	
	As at March 31, 2024	As at March 31, 2023
Authorised share capital		
1,30,00,000 Equity Shares of Rs. 100 each	1,300.00	1,300.00
(31 March, 2023: 1,30,00,000 equity shares of Rs. 100 each)	1,300.00	1,300.00
Issued, subscribed and fully paid-up share capital		
1,21,69,117 Equity Shares of Rs. 100 each	1,216.91	1,216.91
(31 March, 2023: 1,21,69,117 equity shares of Rs. 100 each)	1,216.91	1,216.91

(i) Movements in Share Capital

	Rs. in Millions		Rs. in Millions	
	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Equity Shares -				
At the beginning of the year	12,169,117	1,216.91	12,169,117	1,216.91
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	12,169,117	1,216.91	12,169,117	1,216.91

(ii) Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The Company declares and pay dividend in Indian Rupees. The dividend proposed by the Board of Directors is subjected to the approval of Shareholders in the ensuing Annual General Meeting.

(iii) Shares of the Company held by Holding Company

	Rs. in Millions	
	As at March 31, 2024	As at March 31, 2023
Holding Company		
62,06,250 equity shares (31 March, 2023: 62,06,250 equity shares) are held by Reliance Aerostructure Limited	620.63	620.63
	620.63	620.63

(iv) Details of Shareholders holding more than 5% shares in the company

Name of the Shareholders	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of Rs. 100 each fully paid				
Reliance Aerostructure Limited and its nominees	6,206,250	51.0%	6,206,250	51.0%
Dassault Aviation S.A.	5,962,867	49.0%	5,962,867	49.0%

(v) Aggregate number of equity shares allotted as fully paid-up without being received in cash for a period of five years immediately preceding the year ended 31 March, 2024

	Aggregate number of shares	
	As at March 31, 2024	As at March 31, 2023
(a) Issue of shares to Holding Company	5,505,000	5,505,000

(vi) Details of shareholding of promoters as given below:

Shares held by promoters at the end of the year as at 31 March 2024			
Promoter Name	No. of Shares	% of total shares	% change during the year
(i) Reliance Aerostructure Limited and its nominees	6,206,250	51.0%	0%
(ii) Dassault Aviation S.A.	5,962,867	49.0%	0%
Shares held by promoters at the end of the year as at 31 March 2023			
Promoter Name	No. of Shares	% of total shares	% change during the year
(i) Reliance Aerostructure Limited and its nominees	6,206,250	51.0%	0%
(ii) Dassault Aviation S.A.	5,962,867	49.0%	0%

11 Other Equity

Other equity consist of the following.

	Rs. in Millions	
	As at March 31, 2024	As at March 31, 2023
(a) Retained earnings		
Opening balance	(618.60)	(484.78)
Add: (Loss) for the year	(42.02)	(133.82)
	(660.62)	(618.60)
(b) Other comprehensive income		
Items of other comprehensive income recognised directly in retained earnings		
Opening balance	0.41	0.52
Add: Remeasurements gain/ (loss) of post-employment benefit obligation, net of tax	(0.36)	(0.11)
	0.05	0.41
	(660.56)	(618.19)

12 Non current borrowings

	As at 31 March, 2024	As at 31 March, 2023
Unsecured		
External commercial loan in foreign currency from related party (Refer note 26)	-	364.04
	-	364.04

13 Short term borrowings

	As at 31 March, 2024	As at 31 March, 2023
Unsecured		
Current maturities of long term borrowings (Refer note 26)	1,539.61	1,531.70
	1,539.61	1,531.70

Notes:

1. Euro term loan of Rs. Nil million outstanding as at 31 March 2024 (As at 31 March 2023 Rs. 364.04 million) obtained from a related party for the purpose of financing its capital expenditure and working capital carries interest rate @ EURIBOR plus 2% p.a. and interest was payable on half yearly basis. The loan has been repaid on 30 June 2023 along with all interest due till that date

2. Euro term loan of Rs. 1,173.69 million outstanding as at 31 March 2024 (As at 31 March 2023: Rs. 1,167.66 million) obtained from a related party for the purpose of financing its capital expenditure and general corporate expenditure carries interest rate @ EURIBOR plus 2% p.a. and interest is payable on half yearly basis. The loan was repayable in one instalment after completion of five years from the date of disbursement i.e. 21 December 2023. The management of the Company has requested the lender for extension of repayment date such that the loan is repayable over 8 annual equal instalments which is under evaluation and in the interim the lender approved the extension of repayment up to 30 September 2024. Management is confident to get the approval for extension from lender as requested.

Company could not pay interest due during 20 December 2019 to 20 June 2022 for which extension was received from lender till 30 June 2022, no extension has been granted by the lender thereafter. As on 31 March 2024 interest of Rs. 138.00 million (31 March 2023: Rs. 79.07 million) is outstanding for the period 20 December 2019 to 20 December 2023 which is due for payment. As on 31 March 2024 Company is also carrying a provision for interest accrued but not due of Rs. 18.20 million for the period 21 December 2023 to 31 March 2024.

3. Euro term loan of Rs. 365.92 million outstanding as on 31 March 2024 (As at 31 March 2023: Rs. 364.04 million) obtained from a related party for the purpose of financing its capital expenditure and general corporate expenditure carries interest rate @ EURIBOR plus 2% p.a. and interest is payable on half yearly basis. The loan is repayable in one instalment after completion of five years from the date of disbursement i.e. 17 September 2024. Considering the future plans and availability of estimated funds for repayment, the Company has filed a request to extend the tenure of loan term. Approval for extension is yet to be received from the lender. Management is confident to get the approval for extension.

Company could not pay interest due during 17 March 2020 to 17 March 2022 for which extension was received from lender till 30 June 2022, no extension has been granted by the lender thereafter. As on 31 March 2024 interest of Rs. 46.58 million (31 March 2023: Rs. 27.13 million) is outstanding for the period 17 March 2020 to 17 March 2024 which is due for payment. As on 31 March 2024 Company is also carrying a provision for interest accrued but not due of Rs. 0.91 million for the period 17 March 2024 to 31 March 2024.

4. No funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

5. The Company is not declared a wilful defaulter by any bank or financial institution or other lender

14 Other financial liabilities

	As at 31 March, 2024		As at 31 March, 2023	
	Current	Non Current	Current	Non Current
Retention payable	3.57	-	3.37	-
Interest accrued and due on borrowings (Refer note 13)	184.58	-	134.22	-
Interest accrued but not due on borrowings (Refer note 13)	19.11	-	14.88	-
Security deposits	0.10	-	0.10	-
Creditors for capital expenditure	18.39	-	17.54	-
Employee Payables	6.54	-	6.81	-
	232.09	-	176.92	-

15. Provisions

	As at 31 March, 2024		As at 31 March, 2023	
	Current	Non Current	Current	Non Current
Leave encasement	2.39	13.42	1.80	10.34
Gratuity (Refer note 31)	0.31	13.87	0.16	9.48
	2.70	27.29	1.96	19.82

16 Other Liabilities

	As at 31 March, 2024		As at 31 March, 2023	
	Current	Non Current	Current	Non Current
Advance from customers	160.35	-	60.85	-
Statutory dues payables	10.52	-	14.03	-
Total	170.87	-	74.88	-

Dassault Reliance Aerospace Limited

Notes to the financial statements for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated

17 Revenue from operations

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Sale of products (Refer note 26 & 36)	444.63	510.74
	<u>444.63</u>	<u>510.74</u>

18 Other income

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Net gain on foreign currency translation	6.90	-
Scrap sales	0.52	0.74
Interest on term deposit	16.78	24.02
Interest on Income Tax refund	0.35	0.06
Miscellaneous income	0.02	0.15
	<u>24.57</u>	<u>24.97</u>

19 Changes in inventories of finished goods, semi- finished goods and work-in-progress

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Opening inventory (A)	193.62	102.98
Closing inventory (B)	345.76	193.62
Increase in inventory (A-B)	<u>(152.13)</u>	<u>(98.65)</u>

20 Employee benefits expense

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Salaries, wages & bonus	152.21	148.82
Contribution to provident and other funds	6.07	5.64
Gratuity expense (Refer note 31)	4.45	3.42
Staff welfare expenses	1.43	1.46
	<u>164.16</u>	<u>159.34</u>

21 Finance costs

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Interest on:		
- External Commercial Borrowings ("ECB") (Refer note 26)	90.88	52.67
Exchange difference on reinstatement of ECB	0.07	105.82
Interest on delayed payment of TDS	0.02	0.23
Interest on late payment of MSME dues	0.01	0.06
	<u>90.99</u>	<u>158.77</u>

22 Depreciation and amortisation expense

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Depreciation on property, plant and equipment	69.41	68.10
Amortisation on intangible assets	9.21	11.68
Depreciation on right-of-use assets	19.80	19.80
	<u>98.41</u>	<u>99.58</u>

Dassault Reliance Aerospace Limited
Notes to the financial statements for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated

23 Other expenses

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Consumables and spares	91.74	45.72
Training expenses	2.53	5.72
Communication expenses	1.99	1.91
Hire charges	8.87	11.01
Rent	3.86	5.00
Repairs and maintenance	40.65	32.76
Auditors remuneration (see note below)	2.56	2.22
Travelling and conveyance	8.45	9.97
Event & festival expenses	0.69	1.63
Rates and taxes	0.15	24.28
Stamp duty and filing fees	4.19	0.69
Electricity & water charges	31.10	23.28
Legal and professional charges	2.34	2.31
House keeping expenses	6.92	6.45
Printing and stationery	0.94	1.54
Recruitment expenses	1.78	0.81
Membership fee and subscriptions	0.34	0.38
Entertainment and hospitality	6.85	5.64
Technical Assistance	4.93	2.77
Transportation and packing charges	44.67	53.68
Security charges	4.99	4.42
Custom handling charges	2.86	1.91
Insurance charges	28.52	28.86
Net loss on foreign currency translation	-	7.66
Administrative expenses	5.77	3.45
Extra cost for Project delay	-	55.58
Miscellaneous expenses	2.11	2.81
	309.79	342.48

Auditor's remuneration:

	For the year ended 31 March, 2024	For the year ended 31 March, 2023
Statutory audit	2.43	1.80
Other services	0.10	0.40
Out of pocket expenses	0.03	0.02
	2.56	2.22

24 Earnings per share

	Year ended March 31, 2024	Year ended March 31, 2023
(Loss) after tax available for equity share holders (a)	(42.02)	(133.82)
Weighted average number of equity shares (Nos.) (b)	12,169,117	12,169,117
Nominal value per share (Rs.)	100.00	100.00
Earnings per equity share- basic (Rs.) (a/b)	<u>(3.45)</u>	<u>(11.00)</u>
Earnings per equity share- diluted (Rs.) (a/b)	<u>(3.45)</u>	<u>(11.00)</u>

25 Segment information

As per 'management approach' defined in Ind AS 108, operating segment are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) The Company operates in a single segment, i.e., manufacture of aircraft assemblies and hence, does not have any additional disclosure to be made under Ind AS 108 on Operating Segments.

26 Related Party Disclosure

(i) List of related parties:

(a) Parties where control exists:

(i) Ultimate Holding Company:
Reliance Infrastructure Limited

(ii) Holding Company
Reliance Aerospace Limited

(iii) Entities with joint control of, or having significant influence over, the entity:
Dassault Aviation S.A.

(b) Entity under common control

(i) Dassault Aircraft Services India Private Limited
(ii) Reliance General Insurance Company Limited

(c) Key Managerial person

(i) T. Aravinda Kumar, Chief Executive officer (ceased w.e.f. 31 January 2023)
(ii) Sadacharam Ramasamy, Vice President- Finance & Business (appointed w.e.f. 02 January 2023) and Interim CEO (appointed w.e.f. 01 February 2023 & ceased w.e.f. 10 December 2023)
(iii) Ashish Nimkar, Chief Financial Officer (ceased w.e.f. 31 January 2023)
(iv) Karan Ranchandani, Company Secretary (ceased w.e.f. 16 September 2022)
(v) Omprakash Soni, Company Secretary (appointed w.e.f. 21 December 2022)
(vi) Prakash Lute, Chief Executive officer (appointed w.e.f. 11 December 2023)

Particulars	Enterprises exercising significant influence		Enterprises under the common control		Key management personnel			Total
	As at 31 March, 2024	As at 31 March, 2023	As at 31 March, 2024	As at 31 March, 2023	As at 31 March, 2024	As at 31 March, 2023	As at 31 March, 2023	
	As at 31 March, 2024	As at 31 March, 2023	As at 31 March, 2024	As at 31 March, 2023	As at 31 March, 2024	As at 31 March, 2023	As at 31 March, 2023	
Borrowings	1,539.61	1,895.74	-	-	-	-	1,895.74	
- Dassault Aviation S A	1,539.61	1,895.74	-	-	-	-	1,895.74	
Interest accrued	203.69	149.10	-	-	-	-	149.10	
- Dassault Aviation S.A.	203.69	149.10	-	-	-	-	149.10	
Trade payables	-	-	7.22	4.35	-	-	4.35	
- Dassault Aircraft Services India Private Limited	-	-	7.22	4.35	-	-	4.35	
Advance from customers	160.25	60.85	-	-	-	-	60.85	
- Dassault Aviation S A	160.25	60.85	-	-	-	-	60.85	
Trade receivables	42.69	53.70	-	-	-	-	53.70	
- Dassault Aviation S.A.	42.69	53.70	-	-	-	-	53.70	
Advance to key managerial personnel	-	-	-	-	-	0.04	0.04	
- Sedacharam Ramasamy	-	-	-	-	-	0.04	0.04	

Dassault Reliance Aerospace Limited
Notes to the financial statements for the year ended 31 March, 2024

Rs. in Millions unless otherwise stated

26 Related Party Disclosure (Continued)

(b) Transactions during the year

Particulars	Enterprises exercising significant influence				Enterprises under the common control				Key management personnel				Total
	For the year ended 31 March, 2024		For the year ended 31 March, 2023		For the year ended 31 March, 2024		For the year ended 31 March, 2023		For the year ended 31 March, 2024		For the year ended 31 March, 2023		
	For the year ended 31 March, 2024	For the year ended 31 March, 2023	For the year ended 31 March, 2024	For the year ended 31 March, 2023	For the year ended 31 March, 2024	For the year ended 31 March, 2023	For the year ended 31 March, 2024	For the year ended 31 March, 2023	For the year ended 31 March, 2024	For the year ended 31 March, 2023	For the year ended 31 March, 2024	For the year ended 31 March, 2023	
Interest expense	90.88	52.57	-	-	-	-	-	-	-	-	-	90.88	52.57
- Dassault Aviation S.A.	90.88	52.57	-	-	-	-	-	-	-	-	-	90.88	52.57
Sale of products	444.63	510.74	-	-	-	-	-	-	-	-	-	444.63	510.74
- Dassault Aviation S.A.	444.63	510.74	-	-	-	-	-	-	-	-	-	444.63	510.74
Sales - Others	-	0.15	-	-	-	-	-	-	-	-	-	-	0.15
- Dassault Aviation S.A.	-	0.15	-	-	-	-	-	-	-	-	-	-	0.15
Expenses incurred on the Company's behalf	3.76	-	40.06	51.00	-	-	-	-	-	-	-	43.81	51.00
- Reliance Defence Limited	-	-	22.22	31.81	-	-	-	-	-	-	-	22.22	31.81
- Dassault Aircraft Services India Private Limited	-	-	17.84	19.19	-	-	-	-	-	-	-	17.84	19.19
- Reliance General Insurance Company Limited	3.76	-	-	-	-	-	-	-	-	-	-	3.76	-
- Reliance Aerospace Limited	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowings	356.20	-	-	-	-	-	-	-	-	-	-	356.20	-
- Dassault Aviation S.A.	356.20	-	-	-	-	-	-	-	-	-	-	356.20	-
Interest paid *	31.53	-	-	-	-	-	-	-	-	-	-	31.53	-
- Dassault Aviation S.A.	31.53	-	-	-	-	-	-	-	-	-	-	31.53	-
Managerial remuneration**	-	-	-	-	-	-	-	-	9.97	14.23	9.97	-	14.23
- T. Aravinda Kumar	-	-	-	-	-	-	-	-	0.48	7.10	0.48	-	7.10
- Sadacharam Ramasamy (Interim CEO)	-	-	-	-	-	-	-	-	4.50	0.78	4.50	-	0.78
- Prakash Lata	-	-	-	-	-	-	-	-	2.93	-	2.93	-	-
- Ashish Nimkar	-	-	-	-	-	-	-	-	0.50	4.49	0.50	-	4.49
- Karan Ramchandani	-	-	-	-	-	-	-	-	-	1.15	-	-	1.15
- Omprakash Sen	-	-	-	-	-	-	-	-	1.56	0.71	1.56	-	0.71

* Net of TDS

** The above compensation excludes gratuity and compensated absence which cannot be separately identified from the composite amount advised by the actuary

27 Ageing of Trade Payable

Particulars	1) Current reporting period (As at 31 March, 2024)		Outstanding for following periods from due date of payment				Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3.94	0.59	2.55	-	-	-	7.08
(ii) Others	80.44	15.90	19.64	-	-	-	115.98
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	84.38	16.49	22.19	-	-	-	123.06

Particulars	2) Previous reporting period (As at 31 March, 2023)		Outstanding for following periods from due date of payment				Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	2.45	0.94	0.11	-	-	-	3.50
(ii) Others	94.94	15.37	25.30	0.03	-	-	135.63
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	97.39	16.31	25.41	0.03	-	-	139.14

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26th August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31st March, 2024 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("The MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier during the year.

Particulars	As at March 31, 2024	As at March 31, 2023
(i) the principal amount remaining unpaid to any supplier as at the end of year	7.08	3.50
(ii) the interest due on above remaining unpaid to any supplier as at the end of year	0.00	-
(iii) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during year	-	-
(iv) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	1.13	4.51
Principal component	0.01	0.86
Interest component	0.07	0.06
(v) The amount of interest accrued and remaining unpaid at the end of accounting year	0.01	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management

28 Fair value measurements

Financial instruments by category

Particulars	Note	Carrying value				Fair value measurement using		
		FVTPL	FVOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets - Non current								
Security deposits	6	-	-	4.59	4.59	-	-	-
Financial assets - Current								
Trade receivables	5 (i)	-	-	42.69	42.69	-	-	-
Cash and cash equivalent	5 (ii)	-	-	204.93	204.93	-	-	-
Other financial assets	6	-	-	0.70	0.70	-	-	-
Total				252.91	252.91			
Financial liabilities - Current								
Borrowings	13	-	-	1,539.61	1,539.61	-	-	-
Trade payables	27	-	-	123.06	123.06	-	-	-
Other financial liabilities								
- Retention payable	14	-	-	3.37	3.37	-	-	-
- Interest accrued and due on borrowings	14	-	-	184.58	184.58	-	-	-
- Interest accrued but not due on borrowings	14	-	-	19.11	19.11	-	-	-
- Security deposits	14	-	-	0.10	0.10	-	-	-
- Creditors for capital expenditure	14	-	-	18.39	18.39	-	-	-
- Employee Payables	14	-	-	6.54	6.54	-	-	-
Total				1,894.76	1,894.76			

Particulars	Note	Carrying value				Fair value measurement using		
		FVTPL	FVOCI	Amortised Cost	Total	As at March 31, 2023		
						Level 1	Level 2	Level 3
Financial assets - Non current								
Security deposits	6	-	-	4.58	4.58	-	-	-
Financial assets - Current								
Trade receivables	5 (i)	-	-	53.70	53.70	-	-	-
Cash and cash equivalent	5 (ii)	-	-	559.83	559.83	-	-	-
Other financial assets	6	-	-	0.82	0.82	-	-	-
Total				618.94	618.94			
Financial liabilities - Non current								
Borrowings	12	-	-	364.04	364.04	-	-	-
Financial liabilities - Current								
Borrowings	13	-	-	1,531.70	1,531.70	-	-	-
Trade payables	27	-	-	139.14	139.14	-	-	-
Other financial liabilities								
- Retention payable	14	-	-	3.37	3.37	-	-	-
- Interest accrued and due on borrowings	14	-	-	134.22	134.22	-	-	-
- Interest accrued but not due on borrowings	14	-	-	14.88	14.88	-	-	-
- Security deposits	14	-	-	0.10	0.10	-	-	-
- Creditors for capital expenditure	14	-	-	17.54	17.54	-	-	-
- Employee Payables	14	-	-	6.81	6.81	-	-	-
Total				2,211.80	2,211.80			

The carrying amounts of cash and cash equivalents, borrowings, trade payables, interest accrued, employee benefits payable and other interest payable are considered to have their fair values approximately equal to their carrying values.

There are no assets and liabilities which are to be valued at fair value.

Recognised fair value measurements

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize 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.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

29 Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The management is responsible for developing and monitoring the Company's risk management policies. The management identifies and analyses the risks faced by the Company, sets appropriate risk limits and controls and monitors risks and adherence to limits.

The risk management activities are designed to:

- (i) protect the Company's financial results and position from financial risks;
- (ii) maintain market risks within acceptable parameters, while optimising returns; and
- (iii) protect the Company's financial investments, while maximising returns

(i) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet

Particulars	As at	As at
	31 March, 2024	31 March, 2023
Trade receivables	42.69	53.70
Cash and cash equivalent	204.93	559.83
Other financial assets	5.29	5.40
	252.91	618.94

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration of risks. Credit risk arises principally from trade receivables. The Company derived entire sales from one of its shareholder & expects to continue to derive most of its sales from its shareholder. The Company held cash and cash equivalents and other financial assets with credit worthy banks. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

(ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Company is not exposed to any equity price risk.

(a) Foreign currency risk

The Company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions only with respect to Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through the forecast of highly probable foreign currency cash flows. The objective of Company is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

(i) Exposure to foreign currency risk

Assets	As at	As at
	31 March, 2024	31 March, 2023
Trade receivables	42.69	53.70
	42.69	53.70

Liabilities	As at	As at
	31 March, 2024	31 March, 2023
Foreign currency loan	1,539.61	1,895.74
Interest accrued	203.69	149.10
Other financial liabilities	12.26	15.94
	1,755.56	2,060.77

As at March 31, 2024 and March 31, 2023, the Company's entire foreign currency exposure are unhedged.

(ii) Sensitivity analysis

Profit or loss is sensitive to changes in foreign exchange rates arising from foreign current denominated financial instruments

Impact on profit/loss after tax	As at	As at
	March 31, 2024	March 31, 2023
INR /EUR- Increase by 6% *	(102.77)	(120.42)
INR /EUR- Decrease by 6% *	102.77	120.42

* holding all other variables constant

29 Financial risk management

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

(i) Exposure to Interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows.

Variable Rate Instruments	As at	As at
	March 31, 2024	March 31, 2023
External Commercial Borrowings	1,539.61	1,895.74
	<u>1,539.61</u>	<u>1,895.74</u>

(ii) Sensitivity analysis

Profit or loss is sensitive to higher/lower interest charges on borrowings as a result of changes in interest rates.

	Rs. in Millions	
	As at	As at
	March 31, 2024	March 31, 2023
Interest rates (increase) by 100 basis points	(15.40)	(18.96)
Interest rates decrease by 100 basis points	15.40	18.96

(iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per the requirements.

The Company is in a process of augmenting its equity capital by way of additional equity contribution which will nearly double the present equity base. Shareholder loan from Dassault Aviation is also proposed to fund the future obligations.

Shareholder loan of Rs. 1,173.69 million outstanding as at 31 March 2024 (As at 31 March 2023: Rs. 1,167.66 million) obtained from Dassault Aviation for the purpose of financing its capital expenditure and general corporate expenditure was repayable in one instalment after completion of five years from the date of disbursement i.e., on 21 December 2023. The management of the Company has requested the lender for extension of repayment date such that the loan will be repayable over 8 annual equal instalments which is under evaluation and in the interim the lender approved the extension of repayment up to 30 September 2024.

Shareholder loan of Rs. 365.92 million outstanding as at 31 March 2024 (As at 31 March 2023: Rs. 364.04 million) obtained from Dassault Aviation for the purpose of financing its capital expenditure and general corporate expenditure is repayable in one instalment after completion of five years from the date of disbursement i.e., on 17 September 2024. Considering the future plans and availability of estimated funds for repayment, the Company has filed a request to extend the tenure of loan term in similar fashion. Approval for extension is yet to be received from the lender. Management is confident to get the approvals for extension from Dassault Aviation.

Liquidity risk - Table

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at March 31, 2024	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Borrowings	1,539.61	-	-	1,539.61
Trade and other payables	123.06	-	-	123.06
Other financial liabilities	232.09	-	-	232.09
Total non-derivatives	<u>1,894.76</u>	-	-	<u>1,894.76</u>
As at March 31, 2023	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Borrowings	1,531.70	364.04	-	1,895.74
Trade and other payables	139.14	-	-	139.14
Other financial liabilities	176.92	-	-	176.92
Total non-derivatives	<u>1,847.76</u>	<u>364.04</u>	-	<u>2,211.80</u>

30 Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long term operating plans which includes capital and other strategic investments.

The Company determines the amount of capital required on the basis of annual business plan coupled with new activity pertaining to business scope. The funding needs are met through equity, cash generated from operations and long term borrowings from shareholders.

The Company's adjusted Net Debt to Equity ratio are as follows

Particulars	As at	As at
	31 March, 2024	31 March, 2023
Total Borrowings	1,539.61	1,895.74
Less: Cash and cash equivalents	204.93	559.83
Adjusted net debt (a)	1,334.67	1,335.91
Total equity (b)	556.35	598.73
Adjusted net debt to equity ratio (a) / (b)	2.40	2.23

31 Disclosure under Ind AS 19 "Employee Benefits"

a) Defined contribution plan

The following amount recognized as an expense in Statement of profit and loss on account of provident fund and other funds. There are no other obligations other than the contribution payable to the respective authorities.

Particulars	As at 31 March, 2024	As at 31 March, 2023
Contribution to provident and other fund	6.07	5.64
Total	6.07	5.64

h) Defined benefit plan

i) Gratuity

The guidance on implementing Ind AS 19, Employee Benefits issued by Accounting Standard Board states benefit involving employee established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans.

The following tables summarises the The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	As at 31 March, 2024	As at 31 March, 2023
Opening defined benefit liability / (assets) (a)	9.64	7.56
Net employee benefit expense recognised in the employee cost		
Current service cost	3.74	2.90
Past service cost	-	-
Interest cost on benefit obligation	0.72	0.52
(Gain) / losses on settlement	-	-
Net benefit expense (b)	4.45	3.42
Amount recorded in Other Comprehensive Income (OCI)		
Measurement during the year due to		
Return on plan assets, excluding amounts included in interest expense/(income)	-	-
Actuarial loss / (gain) arising from change in financial assumptions	0.64	1.03
Actuarial loss / (gain) arising on account of experience changes	(0.29)	(0.38)
Actuarial loss / (gain) arising on account of demographic assumptions	-	(0.54)
Experience (gains)/losses	-	-
Amount recognized in OCI (c)	0.36	0.11
Benefits paid (d)	(0.27)	(1.45)
Closing net defined benefit liability / (asset) (a+b+c+d)	14.18	9.64

The net liability disclosed above relates to unfunded plan is as follows

Particulars	As at 31 March, 2024	As at 31 March, 2023
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	14.18	9.64
Amount not recognised due to asset limit	-	-
	14.18	9.64
Net liability is bifurcated as follows :		
Current	0.31	0.16
Non-current	13.87	9.48
Total	14.18	9.64

31 Disclosure under Ind AS 19 "Employee Benefits"

Particulars	As at	As at
	31 March, 2024	31 March, 2023
Discount rate	7.20%	7.50%
Expected rate of return on plan assets (p.a.)	N.A.	N.A.
Salary escalation rate (p.a.)	11.00%	11.00%
Mortality pre-retirement	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

A quantitative analysis for significant assumption is as shown below.

Particulars	As at	As at
	31 March, 2024	31 March, 2023
Assumptions -Discount rate		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	(7.41%)	(7.55%)
Impact on defined benefit obligation -in % decrease	8.24%	8.41%
Assumptions -Future salary increases		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	7.91%	8.10%
Impact on defined benefit obligation -in % decrease	(7.20%)	(7.36%)

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Particulars	As at	As at
	31 March, 2024	31 March, 2023
Within the next 12 months (next annual reporting year) Rs 3,11,632 (31 March, 2023: Rs. 1,57,113)	0.31	0.16
Between 2 and 5 years	1.94	1.33
Between 6 and 9 years	4.07	3.09
For and Beyond 10 years	49.10	36.95
Total expected payments	55.42	41.53

The weighted average duration of the defined benefit plan obligation at the end of the reporting year 15.62 years 15.93 years

c) Earned leave

Particulars	As at	As at
	31 March, 2024	31 March, 2023
The actuarial liability of earned leave of the employees of the Company	15.80	12.14
Discounting rate	7.20%	7.50%
Salary escalation rate	11.00%	11.00%

32 Ratios

Particulars	Nomenclature of Ratio	Current Period			Previous Period	% Variance	Reason for variance
		Numerator	Denominator	Ratio	Ratio		
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liability}}$	752.95	2,068.32	0.36	0.48	-24.45%	
Debt-equity ratio	$\frac{\text{Debt}}{\text{Equity}}$	1,538.61	556.35	2.77	3.17	-12.60%	
Debt service coverage ratio	$\frac{\text{PAT} \pm \text{Depreciation} \pm \text{Interest}}{\text{Interest}^*}$	147.27	90.88	1.62	0.33	385.68%	Refer note below
Return on equity ratio	$\frac{\text{Profit after Tax}}{\text{Shareholder funds}}$	(42.02)	556.35	-7.55%	-22.35%	66.21%	Refer note below
Inventory turnover ratio	$\frac{\text{Net Sales}}{\text{Average inventory}}$	444.63	390.01	1.14	2.41	-52.67%	Refer note below
Trade receivables turnover ratio	$\frac{\text{Net Sales}}{\text{Average debtors}}$	444.63	48.20	9.23	10.31	-10.48%	
Trade payables turnover ratio	$\frac{\text{Net credit purchases}}{\text{Average creditors}}$	372.79	131.10	2.84	4.04	-29.62%	Refer note below
Net capital turnover ratio	$\frac{\text{Net annual sales}}{\text{Working capital}}$	444.63	(1,315.37)	(0.34)	(0.51)	34.00%	Refer note below
Net profit ratio	$\frac{\text{Net Profit/(Loss)}}{\text{Net annual sales}}$	(42.02)	444.63	-9.45%	-26.20%	63.93%	Refer note below
Return on capital employed	$\frac{\text{EBIT}^{\#}}{\text{Capital employed}}$	48.86	2,084.73	2.34%	-5.28%	171.47%	Refer note below
Return on investment **	$\frac{\text{Income generated from Invested Fund}}{\text{Average Invested Fund}}$	NA	NA	NA	NA	NA	NA

* Gross interest i.e. adjustment of exchange gain is excluded

** The Company has made investments in fixed deposits with banks

Notes:

- (i) Debt service coverage ratio : The increase in Debt service coverage ratio is due to decrease in loss by Rs. 91.80 million
- (ii) Return on equity ratios: The increase in Return on equity ratio is due to decrease in loss for the year by Rs 91.80 million and by decrease in Shareholder's fund by Rs. 42.38 million.
- (iii) Inventory turnover ratio : The reduction in Inventory turnover ratio is due to decrease in turnover by Rs. 66.11 million and by increase in inventory by Rs. 177.99 million
- (iv) Trade payables turnover ratio : The decrease in Trade payable turnover ratio is due to increase in Average creditors by Rs. 47.86
- (v) Net capital turnover ratio : The increase in Net capital turnover ratio is due to decrease in working capital by Rs. 318.19 million representing repayment obligation of Shareholder's loan
- (vi) Net profit ratio : The increase in Net profit ratio is due to decrease in loss by Rs. 91.80 million.
- (vii) Return on capital employed : The increase in Return on capital employed is due to increase in EBIT by Rs. 130.01 million and not decrease in Capital employed by Rs. 390.02 million due to loan repayment

33 Income tax and deferred tax (net) :

(a) Income tax expense

Particulars	Year ended 31 March, 2024	Year ended 31 March, 2023
(a) Income tax expense		
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustm Other intangible assets	-	-
Total current tax expense (A)	-	-
<i>Deferred tax</i>		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit) (B)	-	-
Income tax expense (A + B)	-	-

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

Particulars	Year ended 31 March, 2024	Year ended 31 March, 2023
Loss before income tax expense	(42.02)	(133.82)
Tax at the Indian tax rate of 26%	(10.93)	(34.79)
Tax losses for which no deferred income tax was recognised	10.93	34.79
Previously unrecognised tax losses now recouped to reduce current tax expense	-	-
Adjustments for current tax of prior years	-	-
Income tax expense charged to Statement of Profit and Loss	-	-

(c) Amounts recognised in respect of current tax/deferred tax directly in equity

Particulars	Year ended 31 March, 2024	Year ended 31 March, 2023
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-

(d) Deferred Tax Liabilities (Net)

Particulars	Year ended 31 March, 2024	Year ended 31 March, 2023
Deferred Tax Liabilities		
Property Plant & Equipments	54.71	49.09
Gross Deferred Tax Liabilities (A)	54.71	49.09
Deferred Tax Assets		
Provision for Employee Benefit	9.46	7.41
Provision for Finance Cost	12.14	12.26
On unabsorbed Depreciation/Carry forward Losses	33.11	29.43
Gross Deferred Tax Assets (B)	54.71	49.09
Net Deferred Tax Liabilities (A - B)	-	-

The company has recognised deferred tax assets on unabsorbed depreciation/carried forward losses to the extent of deferred tax liability.

(e) Unrecognised deductible temporary difference and unused tax losses

Deductible temporary difference and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:

Particulars	Year ended 31 March, 2024	Year ended 31 March, 2023
Unused Tax Losses/ Unabsorbed depreciation *	103.67	108.93

* The Company has not recognised deferred tax assets on above in absence of reasonable certainty around the taxable future profits against which the same can be realised

34 Capital Commitments

	31 March, 2024	31 March, 2023
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	63.87	62.72
	63.87	62.72

35 Going Concern

The Company has incurred a net loss (excluding other comprehensive loss) of Rs. 42.02 million during the year ended 31 March 2024 (previous year 31 March 2023: Rs. 133.82 million). Year to date losses as of 31 March 2024 incurred by the Company are of Rs. 660.62 million (as at 31 March 2023 Rs. 618.60 million) and as of that date, the Company's current liabilities exceeded its current assets by Rs. 1,315.37 million (previous year 31 March 2023 Rs. 997.18 million). Further, due to the lower-than-expected operating cash flows Company could not pay first external commercial borrowings on time, consequently given specific condition in the shareholders agreement one of shareholder, who is lender too, terminated shareholder's agreement w.e.f. 06 June 2023 and both the shareholders are under discussion for restitution of the shareholder agreement.

During the year, Company has repaid first Term loan outstanding as at 31 March 2023 of Rs. 364.04 along with all interest due and basis their discussion with lender is confident to get the approval for extension of remaining two soon, as principal agreement between shareholders is prevailing on funding arrangements to the continuity of business. As explained in footnote (2) and (3) of note 13 to the financial statements, Company could not pay the interest on External Commercial Borrowings for a substantial period and is seeking extension w.r.t. repayment of Principal External Commercial Borrowings which is due for repayment soon.

The Company continues to receive the purchase orders from Customer, who is lender too for these ECBs. Further, both the shareholders are also in discussion in finalizing the modalities of repayment of external commercial borrowings as and when due, restitution of the shareholder's agreement and other related agreements and to infuse required funding in the form of share capital. Considering which the management do not foresee any significant uncertainty as regards the level of business to be undertaken in the subsequent years, in view of this the financial statements have been prepared on going concern basis.

36 Transfer pricing

The Company is in the process of completing the transfer pricing study, as required by the Income Tax Act, 1961, for the transactions undertaken with related parties for the year ended 31 March, 2024. These financial statements have been prepared based on agreed rates with such related parties. Any adjustment that may arise on completion of the transfer pricing study for the year ended 31 March, 2024, which in the opinion of the management is not expected to be material, will be incorporated in the books of account of the subsequent period.

37 Contingent liabilities

(i) The Company had received a notice under section 143(2) of the Income Tax Act, dated 29-06-2021 for AY 2020-21. The Transfer Pricing Officer (TPO) has made certain adjustments on the international transaction in Sale of aircraft parts and components amounting to Rs. 12,49,50,611/- Subsequently the Company received an Assessment Order u/s. 143(3) dated 31 October 2023, against which the Company has filed an appeal to CIT (A) on 30 November 2023.

(ii) The Company has also received Transfer Pricing Assessment Notice for AY 22-23 on 13 March 2024 to which initial submissions are made on 26 March 2024. The Company has asked more time for the remaining submissions.

38 The Company has used an accounting software for maintaining its books of account for the financial year ended 31 March 2024, which has a feature of recording audit trail (edit log) facility, however, the same was not operated during the financial year for all relevant transactions (including database, applications etc.) recorded in the software.

39 There are no events observed after the reported period which requires an adjustment or disclosure in the financial statements

40 During the year, the Company has been provided with the Specific Tooling and/or Specific Test Equipment (STTE) from the customer having a custom assessed value of Rs. 0.25 million during the year (31 March, 2023: Rs. 4.38 million). These STTE are provided to the Company free of cost and are necessary to perform the manufacturing activities. The key agreement terms with respect to these customer furnished assets are:

- The transfer of risks to such STTE shall pass to Company upon unloading of such Specific Tooling and Specific Test Equipment at the Nagpur delivery port against signature by Company of any document presented by customer's transporter.
- Except in below point, the title attached to the Specific Tooling and Specific Test Equipment shall at all-time remain vested in customer.
- Customer will transfer the title of any and/or all STTE to Company as per terms and conditions to be mutually agreed in writing between the Parties, at such time during the term after the signature by customer of the M3 Milestone Achievement Certificate, upon customer decision after customer being satisfied, in its sole commercial discretion (not to be exercised unreasonably), that such transfer will result in the offset credit being sought by customer in connection with the supply of the corresponding STTE
- Nothing in any Agreement shall be construed as providing an assignment of part or all of the ownership of the STTE to Company.
- The Specific Tooling and Specific Test Equipment shall not, in any way, be presented by Company as its property.
- The Company shall use the STTE for the sole purpose of manufacturing, assembling and testing the Articles as per the rights granted to Company by customer.
- Company shall be responsible for the storage and the use of the Specific Tooling and Specific Test Equipment and shall, at its own charge, be responsible for their security. The Specific Tooling and Specific Test Equipment shall be identified, managed and stored separately from other stocks of Company.

As per the accounting policy adopted by the Company basis the guidance contained in Ind AS 115 and Ind AS 116, the control was found non-existent vis a vis the customer furnished STTE. The non-existence of control was concluded both in case of evaluation pursuant to whether or not a non-cash consideration has been received from the customer warranting a recognition of Property, Plant and Equipment and also for whether or not the recognition of lease was identified. Therefore, in the absence of control, the non-cash consideration on lease has not been recognised.

- 41 As per the Co-operation agreement and supply agreement executed with the Customer, during the year, the Company has also been provided with the Kit Supplies free of cost having a custom assessed value of Rs. 3,356.87 Million (31 March, 2023: Rs. 1,670.66 Million) which shall be used to put into the assembly process activities.
- 42 The Company is in the process of strengthening the internal control system in ERP for proper recording of production hours. During the current year, certain manual adjustments have been made to arrive at the productive hours included in the valuation of Inventory.
- 43 The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- 44 The Company has not surrendered or disclosed any transaction during the year in the tax assessments under the Income Tax Act, 1961 that is not recorded in the books of accounts.
- 45 **Struck off Companies**
The company has no transactions during the financial year and in immediately preceding financial year with those companies which are struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- 46 **ROC charges**
There is no charge or satisfaction to be registered with Registrar of Companies (ROC) during the year.
- 47 The Company has not traded or invested in Crypto currency or Virtual currency during the year.

As per our attached report of even date

For S. N. Dhawan & CO LLP
Chartered Accountants
Firm Registration No. 000050N / N500045

For and on behalf of the Board of Directors of
Dassault Reliance Aerospace Limited

Rajeev K Saxena
Partner
Membership No. 077974

Place : Gurugram
Date : 27 June 2024

Rajesh Kumar Unngra
Director
DIN : 03612092
Place : Delhi
Date : June 27, 2024

Richard Jean Lavaud
Director
DIN : 05274897
Place : Paris
Date : June 27, 2024

Prakash Lute
Chief Executive Officer
Place : Nagpur
Date : June 27, 2024

Manoj Kumar Sharma
Chief Financial Officer
Place : Nagpur
Date : June 27, 2024

Omparkash Nani
Company Secretary
Place : Nagpur
Date : June 27, 2024