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Haryana 122016, India
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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 financial statements of Dassault Reliance Aerospace Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, 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 significant 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 2023, and it's losses and total comprehensive Income, 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 34 in the financial statements, which indicates that the Company incurred a net loss of Rs. 133.82 million during the year ended March 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 997.18 million. As further disclosed in the aforesaid note read together with note 13 (1) and (2) to the financial statements, the Company is seeking extension w.r.t. repayment of External Commercial Borrowings taken from one of its related parties and is confident to get the approval for the same, as principle agreement between shareholders is existing on funding arrangements to the continuity of business. As mentioned above, 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.

Emphasis of Matter

We draw attention to note 40 to the financial statements, which states that as per section 173 of the Companies Act, 2013, the Company is required to hold four Board Meetings in a year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The Company was able to hold the four board meetings in a year but the intervening period between the two consecutive meetings held on 21 December 2022 and 16 June 2023 is more than one hundred and twenty days. Our opinion is not qualified in respect of this matter.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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.

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow 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 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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"**.

(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) 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 does not have any pending litigations which would impact its financial position.

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 it's 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 person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("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. 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, is not applicable.

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

Rajeev K. Saxena
Partner
Membership No.: 077974
UDIN: 23077974BGXFHF9012
Place: Gurugram
Date: 28 September 2023

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 2023.

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

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. However, in current year, Company has performed 100% physical verification of property, plant and equipment and according to information and explanation given to us, no material discrepancies were noted 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 the 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, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is 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 banks, financial institutions and Government during the year. However, the Company has defaulted in repayment of external commercial borrowing taken from a related party and in the payment of interest thereon during the year, details of which is as follows:

Nature of borrowing	Name of lender	Amount not paid on due date Amount in million (₹)	Whether principal or interest	Period of interest	Due Date	No. of days delay or unpaid	Remarks, if any
External commercial borrowing - Loan 1*	Dassault Aviation S.A.	364.04	Principal	30-01-2023 to 30-06-2023	29-01-2023	153	Due for repayment on 29 September 2022, extension is granted by lender upto 29 January 2023
External commercial borrowing - Loan 1*	Dassault Aviation S.A.	1.45	Interest	01-03-2023 to 31-03-2023	31-03-2023	92	Lender has authorised the Company to postpone the payment of interest from 21 June 2019 till 30 June 2022. No extension has been granted for thereafter.
		1.31		01-02-2023 to 28-02-2023	28-02-2023	123	
		0.14		29-01-2023 to 31-01-2023	31-01-2023	151	
		4.38		29-09-2022 to 28-01-2023	28-01-2023	154	
		3.48		29-03-2022 to 28-09-2022	28-09-2022	276	
		3.42		29-09-2021 to 28-03-2022	28-03-2022	460	
		3.48		29-03-2021 to 28-09-2021	28-09-2021	641	
		3.42		29-09-2020 to 28-03-2021	28-03-2021	825	
		3.48		29-03-2020 to 28-09-2020	28-09-2020	1006	
		3.43		29-09-2019 to 28-03-2020	28-03-2020	1190	
External commercial borrowing - Loan 2	Dassault Aviation S.A.	14.21		21-12-2022 to 20-06-2023	20-06-2023	100	
		12.69		21-06-2022 to 20-12-2022	20-12-2022	282	
		11.03		21-12-2021 to 20-06-2022	20-06-2022	465	
		11.09		21-06-2021 to 20-12-2021	20-12-2021	647	
		11.03		21-12-2020 to 20-06-2021	20-06-2021	830	
		11.09		21-06-2020 to 20-12-2020	20-12-2020	1012	
		11.07		21-12-2019 to 20-06-2020	20-06-2020	1195	
		11.09		21-06-2019 to 20-12-2019	20-12-2019	1378	
External commercial		0.67		18-03-2023 to 17-09-2023	17-09-2023	12	

borrowing - Loan 3	Dassault Aviation S.A.	6.39		18-09-2022 to 17-03-2023	17-03-2023	196	
		3.49		18-03-2022 to 17-09-2022	17-09-2022	377	
		3.42		18-09-2021 to 17-03-2022	17-03-2022	561	
		3.48		18-03-2021 to 17-09-2021	17-09-2021	742	
		3.42		18-09-2020 to 17-03-2021	17-03-2021	926	
		3.48		18-03-2020 to 17-09-2020	17-09-2020	1107	
		3.43		17-09-2019 to 17-03-2020	17-03-2020	1291	
		513.09					

* Subsequent to year end, External commercial borrowing - Loan 1 has been repaid on 30 June 2023 along with interest due till the date of repayment.

(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) In our opinion and according to the information and explanations given to us, since no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit. Accordingly, the provisions of clause 3(xi)(b) of the Order are not applicable.

(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)-(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 and based on our examination, 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 incurred cash losses of ₹ 54.98 million during the immediately preceding financial year, however, it has not incurred any cash losses during the current 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 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 December 2023 or funding from any other alternative source to repay this loan is received. 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 K. Saxena
Partner
Membership No.: 77974
UDIN: 23077974BGXFHF9012

Place: Gurugram
Date: 28 September 2023

Annexure B to the Independent Auditor's Report
(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Dassault Reliance Aerospace Limited of even date)

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 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 2023:

We draw attention to note no. 39 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 2023, 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 2023 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 K Saxena
Partner
Membership no.: 077974
UDIN: 23077974BGXFHF9012

Place: Gurugram
Date: 28 September 2023

Dassault Reliance Aerospace Limited

Corporate Identity Number (CIN) U35999MH2017PLC291083
Balance Sheet as at 31 March, 2023

	Notes	As at 31 March, 2023	As at 31 March, 2022
		Rs. in Millions unless otherwise stated	
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	1,773.94	1,851.61
(b) Capital work-in-progress	3	175.13	148.[illegible]
(c) Other intangible assets	4	19.72	19.87
(d) Financial assets			
(i) Other financial assets	6	4.58	4.56
(e) Income tax assets (net)	7	5.15	3.69
(f) Other non - current assets	8	1.24	1.13
Total non-current assets		**1,979.77**	**2,029.53**
Current assets			
(a) Inventories	9	298.09	125.95
(b) Financial assets			
(i) Trade receivables	5 (i)	53.70	45.42
(ii) Cash and cash equivalents	5 (ii)	559.83	527.39
(iii) Other financial assets	6	0.82	0.69
(c) Other current assets	8	14.98	9.19
Total current assets		**927.42**	**708.64**
Total Assets		**2,907.19**	**2,738.17**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	10	1,216.91	1,216.91
(b) Other equity	11	(618.19)	(484.26)
Total equity		**598.73**	**732.65**
Liabilities			
Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	364.04	1,446.20
(b) Provisions	15	19.82	15.05
Total non current liabilities		**383.86**	**1,461.25**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	1,531.70	343.72
(ii) Trade payables			
1. Total outstanding dues of micro enterprises and small enterprises	26	3.50	10.45
2. Total outstanding dues of creditors other than micro enterprises and small enterprises	26	135.65	16.90
(iii) Other financial liabilities	14	176.92	113.97
(b) Provisions	15	1.96	2.76
(c) Other current liabilities	16	74.89	56.47
Total current liabilities		**1,924.60**	**544.26**
Total liabilities		**2,308.47**	**2,005.51**
Total equity and liabilities		**2,907.19**	**2,738.17**

Summary of significant 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 / 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 : 28 September 2023

Rajesh K Dhingra
Director
DIN 03612092

Place : New Delhi

Richard Jean Layrolle
Director
DIN 05274897

Place : Paris

Omkar Akash Soni
Company Secretary

Place : Nagpur

Date : 28 September 2023

Dassault Reliance Aerospace Limited

Corporate Identity Number (CIN) U35999MH2017PLC291083

Statement of Profit and Loss for the year ended 31 March, 2023

	Notes	Year ended on March 31, 2023	Year ended on March 31, 2022
		Rs. in Millions unless otherwise stated	
Income			
Revenue from operations	17	510.74	266.11
Other income	18	24.97	23.28
Total income (I)		535.70	289.39
Expenses			
Cost of material consumed		-	-
Changes in inventories of finished goods, semi- finished goods and work-in-progress	19	(90.65)	(34.06)
Employee benefits expense	20	159.34	144.93
Finance costs	21	158.77	5.65
Depreciation and amortisation expense	3, 4	99.58	91.41
Other expenses	22	342.48	183.07
Total expenses (II)		669.52	391.01
Income/(loss) before tax (I-II)		(133.82)	(101.61)
Tax expense			
- Deferred tax		-	-
Total tax expense		-	-
Income/(loss) for the year		(133.82)	(101.61)
Other Comprehensive Income/(loss)			
Items that will not be reclassified to profit and loss in subsequent years			
-Remeasurement loss on net defined benefit plans		(0.11)	0.70
-Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive Income/(loss)		(0.11)	0.70
Total Comprehensive Income/(loss)		(133.93)	(100.91)
Earnings per equity share (Face Value of Rs 100 each)	23		
Basic earnings per share		(11.00)	(12.26)
Diluted earnings per share		(11.00)	(12.26)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our attached Report of even date

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Chartered Accountants
Firm Registration No. 000050N /N500045

Rajeev K Saxena
Partner
Membership No 077974

Place : Gurugram
Date : 28 September 2023

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

Rajesh K Dhingra
Director
DIN 03612092

Place : New Delhi

Richard Jean Lavaud
Director
DIN 05274897

Place : Paris

Omprakash Soni
Company Secretary

Place : Nagpur

Date : 28 September 2023

Dassault Reliance Aerospace Limited

Corporate Identity Number (CIN) U35999MH2017PLC291083

Statement of Cash Flows for the year ended 31 March, 2023

Rs. in Millions unless otherwise stated

Particulars		Year ended 31 March, 2023	Year ended 31 March, 2022
Cash flow from operating activities			
Loss before tax		(133.82)	(101.61)
Adjustments for:			
Depreciation and amortisation expense		99.58	91.41
Interest income on fixed deposit with banks		(24.02)	(7.59)
Finance costs		52.67	34.12
Actuarial (loss) recognised in OCI		(0.11)	0.70
Provisions/Liabilities written back		-	(5.01)
Unrealised (gain)/loss on foreign exchange rate fluctuation (net)		118.14	(32.01)
Cash used in operations before working capital changes		112.43	(19.99)
Adjustments for			
(Increase) in trade receivables		(7.89)	156.06
(Increase) in financial assets and other assets		(5.86)	(0.80)
(Increase) in inventories		(172.14)	(37.13)
Increase/ (decrease) in trade payable financial liabilities other liabilities and provisions		130.67	19.20
Cash used in operations		57.21	117.34
Income taxes paid		(1.47)	(0.76)
Net cash used in operating activities	(A)	55.75	116.58
Cash flows from investing activities			
Purchase of Property, plant & equipment and Intangibles		(44.43)	(386.22)
Interest received on fixed deposits with bank		24.00	7.09
Net cash (used in) investing activities	(B)	(20.43)	(379.13)
Cash flow from financing activities			
Proceeds from issue of Share capital		-	632.35
(Repayment)/Proceeds from short term borrowings			
Interest paid		(2.88)	(1.91)
Net cash generated from/(used in) financing activities	(C)	(2.88)	630.44
Net increase/(decrease) in cash and cash equivalents (A+B+C)		32.44	367.89
Cash and cash equivalents as at the beginning of the year		527.39	159.51
Cash and cash equivalents as at end of the year		559.83	527.39
Net Increase/(Decrease) as disclosed above			
Cash and cash equivalents at the end of the year comprises of :			
Cash on hand		0.09	0.36
Balance with banks in current accounts		244.74	15.06
Fixed deposit with original maturity of less than 3 months		315.00	511.97
Total cash and cash equivalent		559.83	527.39

Reconciliation of liabilities arising from financing activities:

1. Borrowings

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
Opening balance	1,789.92	1,820.96
Cash flow changes		
- Proceeds from borrowings	-	-
Non cash changes		
- Exchange difference	105.82	(31.04)
Closing balance	1,895.74	1,789.92

Statement of Cash Flows for the year ended 31 March, 2023

Rs. in Millions unless otherwise stated

Reconciliation of liabilities arising from financing activities:

2. Interest on borrowings

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
Opening balance		
- interest accrued	90.86	57.93
Changes during the year		
- Interest charged during the year (including interest capitalized)	52.67	36.59
- Exchange difference	8.46	(1.75)
- Interest paid during the year	(2.88)	(1.91)
Closing balance		
- Interest accrued	149.10	90.86

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

Rajeev K Saxena
Partner
Membership No 077974

Place : Gurugram
Date : 28 September 2023

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

Rajesh K Dhingra
Director
DIN :03612092

Place : New Delhi

Richard Jean Lavaud
Director
DIN : 05274897

Place : Paris

Omprakash Soni
Company Secretary

Place : Nagpur

Date : 28 September 2023

Dassault Reliance Aerospace Limited
Statement of Changes in Equity for the year ended 31 March, 2023

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
584 56	-	584 56	632 35	1,216 91

(b) Other equity

Particulars	Reserves and Surplus	Items of OCI	Total
	Retained earnings	Remeasurements of defined benefit obligations	
Balance as at 01 April, 2021	(383 17)	(0 18)	(383 34)
Loss for the year	(101 61)	-	(101 61)
Other comprehensive income, net of tax		0 70	0 70
Balance as at 31 March, 2022	(484.78)	0.52	(484.26)
	(133 82)	-	(133 82)
Other comprehensive income, net of tax	-	(0 11)	(0 11)
Balance as at 31 March, 2023	(618.60)	0.41	(618.19)

* 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/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 : 28 September 2023

Rajesh K Dhingra
Director
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Place : New Delhi

Richard Jean Lavaud
Director
DIN :05274897

Place : Paris

Omprakash Soni
Company Secretary

Place : Nagpur

Date : 28 September 2023

1. Significant 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 28 September 2023.

(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.

2. Summary of significant 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.

During the year there has been modification w.r.t contracts with customer and as such for part of the year the company would be recognizing revenue upon delivery of the assembly at the customer.

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.

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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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.

(a) 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.

(b) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(c) 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.

(d) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 “Financial Instruments” are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

The Company currently does not have any such derivatives which are not closely related.

(e) Offsetting financial instruments

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

(f) 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.

All project related expenditures viz. civil and electrical works, technical consultancy fees, development and sanction fees, expenditure incidental/attributable 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 improvements are 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

The Company charges 100% depreciation on any PPE item whose unit base value is less than Rs 5000.

(g) 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.

(h) 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.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(i) Contingent liabilities and contingent assets

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. Contingent assets are neither recognized nor disclosed in the financial statements.

(j) 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.

(k) 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.

(l) 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.

Interest income earned on temporary investment of specifically borrowed fund pending utilization for qualifying assets is deducted from Capital Work in Progress amount.

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

(m) 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. 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.

(n) 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.

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.

(o) Income tax

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

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transition that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expense for the year comprises of current tax. Income tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other comprehensive income' or directly in equity, in which case the tax is recognized in 'Other comprehensive income' or directly in equity, respectively.

(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. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April, 2019.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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 lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognized as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

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.

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).

(r) Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the management. The board of directors of the Company assesses the financial performance and position of the Company and makes strategic decisions.

Rs. in Millions unless otherwise stated

3 Property, plant and equipment

	Plant and Machinery	Vehicle	Furniture and Fixtures	Office Equipments	Computers	IT Equipments	Building	Roads	Electrical installation	Right of use assets (Leasehold land)	Total	Capital work in progress
Gross Carrying Amount:												
Balance at 01 April, 2021	205.51	3.25	19.28	16.90	10.47	43.03	992.46	1.89	90.50	248.73	1,632.02	193.71
Additions	3.38	-	0.12	1.28	-	11.41	59.95	-	0.49	342.98	419.61	26.25
Capitalisation	-	-	-	-	-	-	-	-	-	-	-	(71.29)
Balance at 31 March , 2022	208.89	3.25	19.40	18.18	10.47	54.44	1,052.42	1.89	90.99	591.71	2,051.63	148.68
Additions	2.42	-	1.99	1.18	0.84	3.17	0.63	-	-	-	10.23	29.68
Capitalisation	-	-	-	-	-	-	-	-	-	-	-	(3.23)
Balance at 31 March , 2023	211.31	3.25	21.38	19.36	11.31	57.62	1,053.05	1.89	90.99	591.71	2,061.86	175.13
Accumulated Depreciation												
Balance at 01 April, 2021	18.26	0.43	2.10	3.83	4.07	8.82	49.88	0.99	7.24	22.77	118.39	-
Depreciation charge during the year	12.19	0.39	1.87	2.80	2.33	6.80	34.52	0.36	4.74	15.63	81.63	-
Balance at 31 March , 2022	30.45	0.82	3.97	6.63	6.39	15.61	84.41	1.35	11.98	38.40	200.02	-
Depreciation charge during the year	11.82	0.39	1.96	3.03	2.16	7.41	36.24	0.36	4.75	19.80	87.90	-
Balance at 31 March , 2023	42.26	1.20	5.93	9.67	8.55	23.02	120.65	1.71	16.73	58.20	287.92	-
Net carrying amount as on 31 March, 2022	178.44	2.43	15.43	11.54	4.08	38.83	968.01	0.54	79.00	553.31	1,851.61	148.68
Net carrying amount as on 31 March , 2023	169.05	2.04	15.46	9.69	2.76	34.60	932.40	0.18	74.26	533.51	1,773.94	175.13

Ageing of Capital-work-in progress(CWIP)

1) Current reporting period 2022-23

Particulars	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
• Projects in progress					
1. Phase 1.2 Assembly Hangar (refer footnote (i) and (ii) below)	26.00	21.96	125.16	0.98	174.10
2. Petroleum Storage Building	0.57	-	-	-	0.57
3. Others	0.46				0.46
	27.04	21.96	125.16	0.98	175.13

2) Previous reporting period 2021-22

Particulars	Amount in CWIP for a period of				
	<1 year	1-2 years	2-3 years	More than 3 years	Total
• Projects in progress					
1. Phase 1.2 Assembly Hangar	21.96	125.16	0.98	-	148.09
2. Others	0.58	-	-	-	0.58
	22.54	125.16	0.98	-	148.68

Notes:

(i) Capital work-in-progress mainly comprises of civil and electrical works, technical consultancy fees, development and sanction fees, expenditure incidental/attributable to the construction of project. M/s EGIS was hired as EPMC design consultant during January 2020. During FY 20-21 EGIS have worked on finalizing design documents of proposed Hangars and engaged in tendering process of finalizing construction contractor. During March 2021. EGIS had completed the process of finalizing L1 contractor and communicated to DRAL. However, during Q1-FY 21-22, further design changes were initiated in the base designed documents. excluding certain scope related to construction of MIX-4 Hangar. Further to this, the construction contractor was advised to submit revised contract price to start the construction activities during Q2-FY 21-22. The construction contractor had submitted revised offer prices with unjustifiable hike in base L1 price. Due to repeated change of construction price, DRAL could not proceed with the award of contract as expected in Q3-FY 21-22. During Q1-FY 22-23, the project was revived with further changes in design documents and as well as change in scope of work with EPMC design consultant. This has caused some delays in project execution. As on 31 March 2023, DRAL is aggressively pursuing a scope change in EPCM consulting contract and as well as new design changes in FAL-3 & MIX-4 Hangars.

(ii) Borrowing costs capitalised during the year ended 31 March, 2023 is Rs Nil (31 March, 2022: 2.47 Million) and foreign exchange loss on reinstatement of borrowings capitalised amounting to Rs. Nil (Decapitalised during 31 March, 2022: Rs. 2.57 Million).

(iii) No proceedings have been initiated or pending against the Company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

Rs. in Millions unless otherwise stated

4 Other intangible assets

	Computer Software	Total
Gross Carrying Amount:		
Balance at 01 April, 2021	**20.16**	**20.16**
Additions	17.77	17.77
Balance at 31 March , 2022	**37.93**	**37.93**
Additions	11.52	11.52
Balance at 31 March , 2023	**49.45**	**49.45**
Accumulated Amortisation		
Balance at 01 April, 2021	**8.27**	**8.27**
Charge for the year	9.79	9.79
Balance at 31 March , 2022	**18.06**	**18.06**
Charge for the year	11.67	11.67
Balance at 31 March , 2023	**29.73**	**29.73**
Net Carrying amount		
Balance as at 31 March, 2022	**19.87**	**19.87**
Balance as at 31 March , 2023	**19.72**	**19.72**

Note:

i) Intangible assets are other than internally generated.

Rs. in Millions unless otherwise stated unless otherwise stated

5 Financial assets :

(i) Trade receivables

	As at 31 March, 2023		As at 31 March, 2022	
	Current	Non-Current	Current	Non-Current
Trade receivables	-	-	-	-
Receivable from related parties (Refer note 25)	53.70	-	45.42	-
Less: Allowance for doubtful debts	-	-	-	-
Total receivables	53.70	-	45.42	-
Break-up of security details				
Trade Receivables considered good - Secured	-	-	-	-
Trade Receivables considered good - Unsecured*	53.70	-	45.42	-
Trade Receivables which have significant increase in Credit Risk	-	-	-	-
Trade Receivables - credit impaired	-	-	-	-
Total	53.70	-	45.42	-
Allowance for doubtful debts	-	-	-	-
Total trade receivables	53.70	-	45.42	-

*As at March 31, 2023 the company has outstanding trade receivables of Rs. 53.70 Mn (Previous year Rs. 45.42 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, 2023)

Particulars	Outstanding for following periods from due date of payments					
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
(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

b) Previous reporting period (As at 31 March, 2022)

Particulars	Outstanding for following periods from due date of payments					
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	45.42	-	-	-	-	45.42
(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	45.42	-	-	-	-	45.42

(ii) Cash and cash equivalents	As at 31 March, 2023	As at 31 March, 2022
Balances with banks		
- On current accounts	244.74	15.06
Fixed deposit with original maturity of less than 3 months	315.00	511.97
Cash on hand	0.09	0.36
	559.83	527.39

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.

6 Financial assets: Other financial assets

	As at 31 March, 2023		As at 31 March, 2022	
	Current	Non-Current	Current	Non-Current
Security deposits	-	4.58	-	4.56
Advance to employees	0.11	-	-	-
Interest accrued on fixed deposits	0.71	-	0.69	-
	0.82	4.58	0.69	4.56

Rs. in Millions unless otherwise stated unless otherwise stated

7 Income tax assets (net)

	As at 31 March, 2023	As at 31 March, 2022
Tax deducted at source (net of provision for tax)	5.15	3.69
	5.15	**3.69**

8 Other Assets

	As at 31 March, 2023		As at 31 March, 2022	
	Current	Non-Current	Current	Non-Current
Capital advances	-	0.33	-	0.16
Advance to / recoverable from vendors	3.17	-	1.74	-
Prepaid expenses	11.31	0.90	7.33	0.97
Input tax credit receivable	0.50	-	0.12	-
	14.98	**1.24**	**9.19**	**1.13**

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, 2023	As at 31 March, 2022
Work in progress	112.45	68.63
Semi finished goods	25.10	2.97
Finished goods	56.07	31.38
Consumables	44.54	15.36
Production tools	59.93	7.61
	298.09	**125.95**

Note :

i) Finished goods includes Goods in transit of Rs. 48.17 million

ii) Inventories are valued at lower of cost and net realizable value (NRV).

10 Equity share capital

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

	Rs. In Millions	Rs. In Millions
Authorised share capital	**As at March 31, 2023**	**As at March 31, 2022**
1,30,00,000 Equity Shares of Rs.100 each	1,300.00	1,300.00
(31 March, 2022: 1,30,00,000 equity shares of Rs. 100 each)	**1,300.00**	**1,300.00**
Issued, subscribed and fully paid- up share capital	**As at March 31, 2023**	**As at March 31, 2022**
1,21,69,117 Equity Shares of Rs. 100 each	1,216.91	1,216.91
(31 March, 2022: 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, 2023		As at March 31, 2022	
Equity Shares -	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	1,21,69,117	1,216.91	58,45,588	584.56
Add: Issued during the year	-	-	63,23,529	632.35
Outstanding at the end of the year	**1,21,69,117**	**1,216.91**	**1,21,69,117**	**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	Rs. in Millions
	As at March 31, 2023	As at March 31, 2022
Holding Company		
62,06,250 equity shares (31 March, 2022: 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, 2023		As at March 31, 2022	
	No. of Shares	% held	No. of Shares	% held
Equity Shares of Rs. 100 each fully paid				
Reliance Aerostructure Limited and its nominees	62,06,250	51.0%	62,06,250	51.0%
Dassault Aviation S.A.	59,62,867	49.0%	59,62,867	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, 2023

	Aggregate number of shares	
	As at March 31, 2023	As at March 31, 2022
(a) Issue of shares to Holding Company	55,05,000	55,05,000

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

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	62,06,250	51.0%	0%
(ii) Dassault Aviation S.A.	59,62,867	49.0%	0%

Shares held by promoters at the end of the year as at 31 March 2022			
Promoter Name	No. of Shares	% of total shares	% change during the year
(i) Reliance Aerostructure Limited and its nominees	62,06,250	51.0%	0%
(ii) Dassault Aviation S.A.	59,62,867	49.0%	0%

11 Other Equity

Other equity consist of the following:

		Rs. In Millions
	As at March 31, 2023	As at March 31, 2022
(a) Retained earnings		
Opening balance	(484.78)	(383.17)
Add: Profit/ (loss) for the year	(133.82)	(101.61)
	(618.60)	**(484.78)**
(b) Other comprehensive income		
Items of other comprehensive income recognised directly in retained earnings		
Opening balance	0.52	(0.18)
Add: Remeasurements gain/ (loss) of post-employment benefit obligation, net of tax	(0.11)	0.70
	0.41	**0.52**
	(618.19)	**(484.26)**

Rs. in Millions unless otherwise stated unless otherwise stated

12 Non current borrowings

	As at 31 March, 2023	As at 31 March, 2022
Unsecured		
External commercial loan in foreign currency from related party (Refer note 25)	364.04	1,446.20
	364.04	**1,446.20**

Notes:

1. Euro term loan of Rs. 364.04 million outstanding as on 31 March , 2023 (31 March, 2022: Rs. 343.72 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. Interest of Rs. 27.13 million is also due for repayment as on 31 March, 2023 (31 March, 2022: Rs. 16.26 million).

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

3. 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.

13 Short term borrowings

	As at 31 March, 2023	As at 31 March, 2022
Unsecured		
Current maturities of long term borrowings (Refer note 25)	1,531.70	343.72
	1,531.70	**343.72**

Notes:

1. Euro term loan of Rs. 364.04 million outstanding as on 31 March, 2023 (31 March, 2022: Rs. 343.72 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 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. 29 September, 2022 along with interest due thereon. On request of management, lender approved the extension of repayment up to 29 January, 2023, however the loan remained unpaid till 31 March, 2023. Subsequent to year end, the loan has been repaid on 30 June 2023 along with all interest due till that date. Interest due till 31 March, 2023 is of Rs. 28.01 million (31 March, 2022: Rs. 16.26 million). Management do not foresee any penal actions due to this delay.

2. Euro term loan of Rs. 1,167.66 million outstanding as on 31 March, 2023 (31 March, 2022: Rs. 1,102.48 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. 21 December, 2023. Considering the future plans and availability of estimated funds for repayment, the Company has filed a request to extend the loan term. Approval for extension is yet to be received from the lender. Management is confident to get the approval for extension, as principle agreement between shareholders is existing on funding arrangements to the continuity of business. Interest of Rs. 79.07 million is also due for repayment as on 31 March, 2023 (31 March, 2022: Rs. 52.23 million).

3. 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, 2023		As at 31 March, 2022	
	Current	Non Current	Current	Non Current
Retention payable	3.37	-	4.49	-
Interest accrued and due on borrowings (Refer note 12 & 13)	134.22	-	84.78	-
Interest accrued but not due on borrowings (Refer note 12 & 13)	14.88	-	6.08	-
Security deposits	0.10	-	0.10	-
Creditors for capital expenditure	17.54	-	12.46	-
Employee Payables	6.81	-	6.06	-
	176.92	-	**113.97**	-

15 Provisions

	As at 31 March, 2023		As at 31 March, 2022	
	Current	Non Current	Current	Non Current
Leave encashment	1.80	10.34	1.99	8.25
Gratuity (Refer note 30)	0.16	9.48	0.76	6.80
	1.96	**19.82**	**2.76**	**15.05**

16 Other Liabilities

	As at 31 March, 2023		As at 31 March, 2022	
	Current	Non Current	Current	Non Current
Advance from customers	60.86	-	45.82	-
Statutory dues payables	14.03	-	10.65	-
Total	**74.89**	-	**56.47**	-

Rs. in Millions unless otherwise stated

17 Revenue from operations

	Year ended 31 March, 2023	Year ended 31 March, 2022
Sale of products (Refer note 25 & 35)*	510.74	266.11
	510.74	**266.11**

*100% Export to Dassault Aviation S.A., France.

18 Other income

	Year ended 31 March, 2023	Year ended 31 March, 2022
Net gain on foreign currency translation	-	9.91
Scrap sales	0.74	0.77
Interest on term deposit	24.02	7.59
Interest on Income Tax refund	0.06	-
Provisions no longer required written back	-	5.01
Miscellaneous income	0.15	-
	24.97	**23.28**

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

	Year ended 31 March, 2023	Year ended 31 March, 2022
Opening inventory (A)	102.98	68.92
Closing inventory (B)	193.62	102.98
Increase in inventory (A-B)	**(90.65)**	**(34.06)**

20 Employee benefits expense

	Year ended 31 March, 2023	Year ended 31 March, 2022
Salaries, wages & bonus	148.82	135.93
Contribution to provident and other funds	5.64	4.87
Gratuity expense (Refer note 30)	3.42	3.30
Staff welfare expenses	1.46	0.83
	159.34	**144.93**

21 Finance costs

	Year ended 31 March, 2023	Year ended 31 March, 2022
Interest on:		
- External Commercial Borrowings ("ECB") (Refer note 25)	52.67	34.12
Exchange difference on reinstatement of ECB	105.82	(28.46)
Interest on delayed payment of TDS	0.23	-
Interest on late payment of MSME dues	0.06	-
	158.77	**5.65**

Rs. in Millions unless otherwise stated

22 Other expenses

	Year ended 31 March, 2023	Year ended 31 March, 2022
Consumables and spares	45.72	13.89
Training expenses	5.72	2.26
Communication expenses	1.91	2.09
Hire charges	11.01	10.55
Rent	5.00	5.26
Repairs and maintenance	32.76	18.83
Auditors remuneration (see note below)	2.22	2.30
Travelling and conveyance	9.97	19.84
Event & festival expenses	1.63	1.43
Rates and taxes	24.28	0.11
Stamp duty and filing fees	0.69	2.63
Electricity & water charges	23.28	15.97
Legal and professional charges	2.31	3.99
House keeping expenses	6.45	6.72
Printing and stationery	1.54	0.78
Recruitment expenses	0.81	0.56
Membership fee and subscriptions	0.38	0.39
Provision for loss in transit	-	6.87
Entertainment and hospitality	5.64	4.64
Technical Assistance	2.77	-
Transportation and packing charges	53.68	29.55
Security charges	4.42	4.54
Custom handling charges	1.91	0.87
Insurance charges	28.86	25.41
Net loss on foreign currency translation	7.66	-
Administrative expenses	3.45	2.35
Extra cost for Project delay	55.58	-
Miscellaneous expenses	2.81	1.24
	342.48	**183.07**

Auditor's remuneration:

	Year ended 31 March, 2023	Year ended 31 March, 2022
Statutory audit (including limited review)	1.80	1.80
Other services	0.40	0.50
Out of pocket expenses	0.02	-
	2.22	**2.30**

Rs. in Millions unless otherwise stated

23 Earning per share

	Year ended March 31, 2023	Year ended March 31, 2022
Profit / (Loss) after tax available for equity share holders **(a)**	(133.82)	(101.61)
Weighted average number of equity shares (Nos.) **(b)**	1,21,69,117	82,88,376
Nominal value per share (Rs.)	100.00	100.00
Earnings per equity share- basic (Rs.) (a/b)	**(11.00)**	**(12.26)**
Earnings per equity share- diluted (Rs.) (a/b)	**(11.00)**	**(12.26)**

24 Segment information

The Company is engaged in the business of manufacture of aircraft assemblies, which in context of Ind AS 108 is considered the only business segment.

25 Related Party Disclosure

(i) List of related parties:

(a) Parties where control exists:

(i) Ultimate Holding Company:
Reliance Infrastructure Limited
(ii) Holding Company:
Reliance Aerostructure 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 Defence Limited
(iii) Reliance General Insurance Company Limited

(c) Key managerial personnel

(i) T. Aravinda Kumar, Chief Executive officer (ceased w.e.f. 31 January 2023)
(ii) Sadacharam Ramasamy, Interim CEO (appointed w.e.f. 01 February 2023)
(iii) Ashish Nimkar, Chief Financial Officer (ceased w.e.f. 31 January 2023)
(iv) Karan Ramchandani, Company Secretary (ceased w.e.f. 16 September 2022)
(v) Omprakash Soni, Company Secretary (appointed w.e.f. 21 December 2022)

Rs. in Millions unless otherwise stated

25 Related Party Disclosure (Continued)

(ii) Transactions during the year

Particulars	Holding Company		Enterprises exercising significant influence		Enterprises under the common control		Key managerial personnel		Total	
	Year ended 31 Mar, 2023	Year ended 31 Mar, 2022	Year ended 31 Mar, 2023	Year ended 31 March, 2022	Year ended 31 Mar, 2023	Year ended 31 March, 2022	Year ended 31 Mar, 2023	Year ended 31 March, 2022	Year ended 31 Mar, 2023	Year ended 31 March, 2022
Issue of Equity Share Capital	-	**322.50**	-	**309.85**	-	-	-	-	-	**632.35**
- Reliance Aerostructure Limited	-	322.50	-	-	-	-	-	-	-	322.50
- Dassault Aviation S.A.	-	-	-	309.85	-	-	-	-	-	309.85
Interest expense	-	-	**52.67**	**36.59**	-	-	-	-	**52.67**	**36.59**
- Dassault Aviation S.A.	-	-	52.67	36.59	-	-	-	-	52.67	36.59
Sale of products	-	-	**510.74**	**266.11**	-	-	-	-	**510.74**	**266.11**
- Dassault Aviation S.A.	-	-	510.74	266.11	-	-	-	-	510.74	266.11
Sales - Others	-	-	**0.15**	-	-	-	-	-	**0.15**	-
- Dassault Aviation S.A.	-	-	0.15	-	-	-	-	-	0.15	-
Expenses incurred on the Company's behalf	-	-	-	-	**51.00**	**26.53**	-	-	**51.00**	**26.53**
- Reliance Defence Limited	-	-	-	-	-	-	-	-	-	-
- Dassault Aircraft Services India Private Limite d	-	-	-	-	31.81	26.53	-	-	31.81	26.53
- Reliance General Insurance Company Limited	-	-	-	-	19.19	-	-	-	19.19	-
Managerial remuneration*	-	-	-	-	-	-	**14.23**	**12.24**	**14.23**	**12.24**
- T. Aravinda Kumar	-	-	-	-	-	-	7.10	6.75	7.10	6.75
- Sadacharam Ramasamy	-	-	-	-	-	-	0.78	-	0.78	-
- Ashish Nimkar	-	-	-	-	-	-	4.49	3.77	4.49	3.77
- Karan Ramchandani	-	-	-	-	-	-	1.15	1.73	1.15	1.73
- Omprakash Soni	-	-	-	-	-	-	0.71	-	0.71	-

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

Rs. in Millions unless otherwise stated

25 Related Party Disclosure (Continued)
(iii) Balance outstanding at the year end

Particulars	Holding Company		Enterprises exercising significant influence		Enterprises under the common control		Key managerial personnel		Total	
	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022	As at 31 March, 2023	As at 31 March, 2022
Borrowings	-	-	**1,895.74**	**1,789.92**	-	-	-	-	**1,895.74**	**1,789.92**
- Dassault Aviation S.A.	-	-	1,895.74	1,789.92	-	-	-	-	1,895.74	1,789.92
Interest accrued	-	-	**149.10**	**90.86**	-	-	-	-	**149.10**	**90.86**
- Dassault Aviation S.A.	-	-	149.10	90.86	-	-	-	-	149.10	90.86
Trade payables	-	-	-	-	**4.35**	**2.58**	-	-	**4.35**	**2.58**
Dassault Aircraft Services India Private Limited	-	-	-	-	4.35	2.58	-	-	4.35	2.58
Advance from customers	-	-	**60.85**	**45.78**	-	-	-	-	**60.85**	**45.78**
- Dassault Aviation S.A.	-	-	60.85	45.78	-	-	-	-	60.85	45.78
Trade receivables	-	-	**53.70**	**45.42**	-	-	-	-	**53.70**	**45.42**
- Dassault Aviation S.A.	-	-	53.70	45.42	-	-	-	-	53.70	45.42
Advance to key managerial personnel	-	-	**0.04**	-	-	-	-	-	**0.04**	-
- Sadacharam Ramasamy	-	-	0.04	-	-	-	-	-	0.04	-

Rs. in Millions unless otherwise stated

26 Ageing of Trade Payable

1) Current reporting period (As at 31 March, 2023)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	2.45	0.94	0.11	-	-	-	3.50
(ii) Others	94.94	15.37	25.30	0.03	-	-	135.65
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	**97.39**	**16.31**	**25.41**	**0.03**	-	-	**139.14**

2) Previous reporting period (As at 31 March, 2022)

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment: Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	6.14	-	4.31	-	-	-	10.45
(ii) Others	16.86	-	0.04	-	-	-	16.90
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	**23.00**	-	**4.35**	-	-	-	**27.34**

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

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, 2023 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, 2023	As at March 31, 2022
(i) the principal amount remaining unpaid to any supplier as at the end of year	3.50	10.45
(ii) the interest due on above remaining unpaid to any supplier as at the end of year	-	-
(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)	-	-
Principal component	4.51	
Interest component	0.06	
(v) The amount of interest accrued and remaining unpaid at the end of accounting year	0.06	-
(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.

27 Fair value measurements

Financial instruments by category

As at March 31, 2023

Particulars	Note	Carrying value: FVTPL	FVOCI	Amortised Cost	Total	Fair value measurement using: 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	26	-	-	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**	-	-	-

Rs. in Millions unless otherwise stated

As at March 31, 2022

Particulars	Note	Carrying value				Fair value measurement using		
		FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets - Non current								
Security deposits	6	-	-	4.56	4.56	-	-	-
Financial assets - Current								
Trade receivables	5 (i)	-	-	45.42	45.42	-	-	-
Cash and cash equivalent	5 (ii)	-	-	527.39	527.39	-	-	-
Other financial assets	6	-	-	0.69	0.69	-	-	-
Total		-	-	578.06	578.06	-	-	-
Financial liabilities - Non current								
Borrowings	12	-	-	1,446.20	1,446.20	-	-	-
Financial liabilities - Current								
Borrowings	13	-	-	343.72	343.72	-	-	-
Trade payables	26	-	-	27.34	27.34	-	-	-
Other financial liabilities								
- Retention payable	14	-	-	4.49	4.49	-	-	-
- Interest accrued and due on borrowings	14	-	-	84.78	84.78	-	-	-
- Interest accrued but not due on borrowings	14	-	-	6.08	6.08	-	-	-
- Security deposits	14	-	-	0.10	0.10	-	-	-
- Creditors for capital expenditure	14	-	-	12.46	12.46	-	-	-
- Employee Payables	14	-	-	6.06	6.06	-	-	-
Total		-	-	1,931.23	1,931.23	-	-	-

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.

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

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 maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

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.

Rs. in Millions unless otherwise stated

28 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 31 March, 2023	As at 31 March, 2022
Trade receivables	53.70	45.42
Cash and cash equivalent	559.83	527.39
Other financial assets	5.40	5.25
	618.94	**578.06**

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 changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.
The 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 31 March, 2023	As at 31 March, 2022
Trade receivables	53.70	45.42
	53.70	**45.42**

Liabilities	As at 31 March, 2023	As at 31 March, 2022
Foreign currency loan	1,895.74	1,789.92
Interest accrued	149.10	90.86
Other financial liabilities	15.94	0.46
	2,060.77	**1,881.24**

As at March 31, 2023 and March 31, 2022, 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 March 31, 2023	As at March 31, 2022
INR /EUR- Increase by 6% *	(120.42)	(110.15)
INR /EUR- Decrease by 6% *	120.42	110.15

* holding all other variables constant

28 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 March 31, 2023	As at March 31, 2022
External Commercial Borrowings	1,895.74	1,789.92
	1,895.74	**1,789.92**

(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 March 31, 2023	As at March 31, 2022
Interest rates (increase) by 100 basis points	(18.96)	(17.90)
Interest rates decrease by 100 basis points	18.96	17.90

(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. Also shareholder loan from Dassault Aviation is proposed to fund the future obligations.

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, 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 payables	139.14	-	-	**139.14**
Other financial liabilities	176.92	-	-	**176.92**
Total non-derivatives	**1,847.76**	**364.04**	-	**2,211.80**

As at March 31, 2022	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total
Non-derivatives				
Borrowings	343.72	1,446.20	-	**1,789.92**
Trade payables	27.34	-	-	**27.34**
Other financial liabilities	113.97	-	-	**113.97**
Total non-derivatives	**485.03**	**1,446.20**	-	**1,931.23**

Rs. in Millions unless otherwise stated

29 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 31 March, 2023	As at 31 March, 2022
Total Borrowings	1,895.74	1,789.92
Less: Cash and cash equivalents	559.83	527.39
Adjusted net debt (a)	**1,335.91**	**1,262.53**
Total equity (b)	**598.73**	**732.65**
Adjusted net debt to equity ratio (a) / (b)	**2.23**	**1.72**

Rs. in Millions unless otherwise stated

30 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, 2023	As at 31 March, 2022
Contribution to provident and other fund	5.64	4.87
Total	**5.64**	**4.87**

b) 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 summaries the The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Year ended 31 March, 2023	Year ended 31 March, 2022
Opening defined benefit liability / (assets) (a)	7.56	5.04
Net employee benefit expense recognised in the employee cost		
Current service cost	2.90	2.98
Past service cost	-	-
Interest cost on benefit obligation	0.52	0.34
(Gain) / losses on settlement	-	-
Net benefit expense (b)	**3.42**	**3.32**
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	1.03	(0.48)
Actuarial loss / (gain) arising on account of experience changes	(0.38)	(0.22)
Actuarial loss / (gain) arising on account of demographic assumptions	(0.54)	-
Experience (gains)/losses	-	-
Amount recognized in OCI (c)	**0.11**	**(0.70)**
Benefits paid (d)	(1.45)	(0.10)
Closing net defined benefit liability / (asset) (a+b+c+d)	**9.64**	**7.56**

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

Particulars	As at 31 March, 2023	As at 31 March, 2022
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	9.64	7.56
Amount not recognised due to asset limit	-	-
	9.64	**7.56**
Net liability is bifurcated as follows :		
Current	0.16	0.76
Non-current	9.48	6.80
Total	**9.64**	**7.56**

Rs. in Millions unless otherwise stated

30 Disclosure under Ind AS 19 "Employee Benefits"

Particulars	As at 31 March, 2023	As at 31 March, 2022
Discount rate	7.50%	7.25%
Expected rate of return on plan assets (p.a.)	N.A.	N.A.
Salary escalation rate (p.a.)	11.00%	10.00%
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 31 March, 2023	As at 31 March, 2022
Assumptions -Discount rate		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	(7.55%)	(7.21%)
Impact on defined benefit obligation -in % decrease	8.41%	8.05%
Assumptions -Future salary increases		
Sensitivity Level	50 bp	50 bp
Impact on defined benefit obligation -in % increase	8.10%	7.80%
Impact on defined benefit obligation -in % decrease	(7.36%)	(7.07%)

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 31 March, 2023	As at 31 March, 2022
Within the next 12 months (next annual reporting year) Rs.1,57,113 (31 March, 2022: Rs. 7,62,998)	0.16	0.76
Between 2 and 5 years	1.33	0.71
Between 6 and 9 years	3.09	2.25
For and Beyond 10 years	36.95	26.43
Total expected payments	**41.53**	**30.15**
The weighted average duration of the defined benefit plan obligation at the end of the reporting year	**15.93 years**	**15.23 years**

c) Earned leave

Particulars	As at 31 March, 2023	As at 31 March, 2022
The actuarial liability of earned leave of the employees of the Company	12.14	10.25
Discounting rate	7.50%	7.25%
Salary escalation rate	11.00%	10.00%

Rs. in Millions unless otherwise stated

31 Ratios

Particulars	Nomenclature of Ratio	Current Period			Previous Period	% Variance	Reason for variance
		Numerator	Denominator	Ratio	Ratio		
Current ratio	Current Assets / Current Liability	927.42	1,924.60	0.48	1.30	-62.99%	Refer note below
Debt-equity ratio	Debt / Equity	1,895.74	598.73	3.17	2.44	29.60%	Refer note below
Debt service coverage ratio	PAT+ Depreciation+ Interest* / Interest*	18.42	55.21	0.33	0.65	-48.96%	Refer note below
Return on equity ratio	Profit after Tax / Shareholder funds	(133.82)	598.73	-22.35%	-13.87%	-61.16%	Refer note below
Inventory turnover ratio	Net Sales / Average inventory	510.74	212.02	2.41	2.48	-2.79%	
Trade receivables turnover ratio	Net Sales / Average debtors	510.74	49.56	10.31	2.16	376.90%	Refer note below
Trade payables turnover ratio	Net credit purchases / Average creditors	336.34	83.24	4.04	4.14	-2.32%	
Net capital turnover ratio	Net annual sales / Working capital	510.74	(997.18)	(0.51)	1.62	-131.64%	Refer note below
Net profit ratio	Net Profit/ (Loss) / Net annual sales	(133.82)	510.74	-26.20%	-38.18%	31.38%	Refer note below
Return on capital employed	EBIT* / Capital employed	(81.15)	2,474.75	-3.28%	-2.70%	-21.60%	
Return on investment **	Income generated from Invested Fund / Average Invested Fund	NA	NA	NA	NA	NA	NA

* Gross interest i.e. adjustment of exchange difference is excluded
** The Company has made investments in fixed deposits with banks

Notes:

(i) Current ratio : The decrease in Current ratio is due to increase in Current liability by Rs. 1,167.66 million representing repayment obligation of Shareholder's loan.

(ii) Debt-equity ratio : The increase in debt by Rs. 105.82 million due to exchange rate reinstatement and decrease in other equity by Rs. 133.93 million.

(iii) Debt service coverage ratio : The decrease in Debt service coverage ratio is due to increase in loss by Rs. 32.21 million.

(iv) Return on equity ratio: The decrease in Return on equity ratio is due to increase in loss for the year by Rs.32.21 million and by decrease in Shareholder fund by Rs. 133.93 million

(v) Trade receivables turnover ratio : The increase in Trade receivable turnover ratio is due to increase in turnover by Rs. 244.63 million and decrease in average debtors by Rs. 73.59 million

(vi) Net capital turnover ratio : The decrease in Net capital turnover ratio is due to increase in Current liability by Rs. 1,167.66 million representing repayment obligation of Shareholder's loan

(vii) Net profit ratio : The increase in Net profit ratio is due to increase in sales by Rs. 244.63 million

Rs. in Millions unless otherwise stated

32 Income tax and deferred tax (net) :

(a) Income tax expense

Particulars		**Year ended 31 March, 2023**	**Year ended 31 March, 2022**
(a) Income tax expense			
Current tax			
Current tax on profits for the year		-	-
Adjustm Other intangible assets		-	-
Total current tax expense	**(A)**	-	-
Deferred tax			
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, 2023**	**Year ended 31 March, 2022**
Loss before income tax expense	(133.82)	(101.61)
Tax at the Indian tax rate of 26%	**(34.79)**	**(26.42)**
Tax losses for which no deferred income tax was recognised	34.79	26.42
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, 2023**	**Year ended 31 March, 2022**
Amounts recognised in respect of current tax/deferred tax directly in equity	-	-

(d) Deferred Tax Liabilities (Net)

Particulars		**Year ended 31 March, 2023**	**Year ended 31 March, 2022**
Deferred Tax Liabilities			
Property Plant & Equipments		49.09	43.76
Gross Deferred Tax Liabilities	**(A)**	**49.09**	**43.76**
Deferred Tax Assets			
Provision for Employee Benefit		7.41	6.20
Provision for Finance Cost		12.26	7.00
On unabsorbed Depreciation/Carry forward Losses		29.43	30.55
Gross Deferred Tax Assets	**(B)**	**49.09**	**43.76**
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, 2023**	**Year ended 31 March, 2022**
Unused Tax Losses/ Unabsorbed depreciation *	108.93	82.85

* 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.

Rs. in Millions unless otherwise stated

33 Capital Commitments

	31 March, 2023	31 March, 2022
Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances)	62.72	122.68
	62.72	**122.68**

34 Going Concern

The Company has incurred a net loss of Rs. 133.82 million during the year ended March 31, 2023 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 997.18 million. Further as explained in footnote (1) and (2) of note 13 to the financial statements, the Company is seeking extension w.r.t. repayment of External Commercial Borrowings taken from one of its related parties and is confident to get the approval for the same, as principle agreement between shareholders is existing on funding arrangements to the continuity of business. The Company does 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.

35 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, 2023. 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, 2023, 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.

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

37 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. 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 or lease has not been recognised.

38 As per the Co-operation agreement and supply agreement executed with the Customer, the Company has also been provided with the Kit Supplies free of cost having a custom assessed value of Rs. 1,670.66 Million which shall be used to put into the assembly process activities.

39 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.

40 As per section 173 of the Companies Act, 2013, the Company is required to hold four Board Meetings in a year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The Company was able to hold the four board meetings in a year but the intervening period between the two consecutive meetings held on 21 December 2022 and 16 June 2023 is more than one hundred and twenty days.

41 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.

42 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.

43 **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.

44 **ROC charges**
There is no charge or satisfaction to be registered with Registrar of Companies (ROC) during the year

45 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

Rajeev K Saxena
Partner
Membership No 077974

Place : Gurugram
Date : 28 September 2023

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

Rajesh K Dhingra
Director
DIN :03612092

Place : New Delhi

Richard Jean Lavaud
Director
DIN :05274897

Place : Paris

Omprakash Soni
Company Secretary

Place : Nagpur

Date : 28 September 2023