AEROFLEX INDUSTRIES LIMITED
Commitment to Excellence

June 11, 2024

To, The General Manager, Department of Corporate Services, BSE Limited, P.J. Towers, Dalal Street, Mumbai – 400001 Company Code No.: 543972	To, The Listing Department. National Stock Exchange of India Limited Exchange Plaza, C-1, Block G Bandra Kurla Complex Bandra (E), Mumbai – 400 051 Trading Symbol: AEROFLEX

Sub: Submission of copy of the Annual Report of the Company for the Financial Year 2023-24

Dear Sir/Madam,

Pursuant to the provisions of Regulation 34(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith copy of the 30th Annual Report of the Company for the financial year 2023-24 which is being sent only through electronic means to the Members.

The Annual Report is also available on the website of Company at www.aeroflexindia.com

Kindly take the same on your records.

Thanking you,

Yours faithfully,

For AEROFLEX INDUSTRIES LIMITED

MUSTAFA ABID KACHWALA

Digitally signed by MUSTAFA ABID KACHWALA
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Date: 2024.06.11 14:15:44 +05'30'

Mustafa Abid Kachwala
Whole Time Director & CFO
DIN: 03124453

Encl.: As above

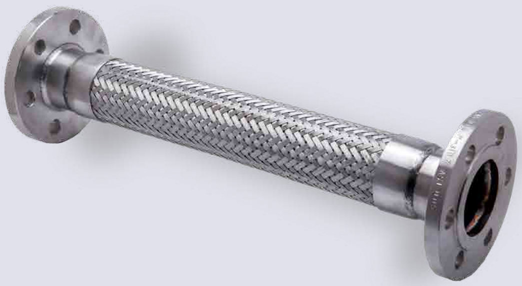
Aeroflex Industries Limited

Annual Report 2023-24

AEROFLEX INDUSTRIES LIMITED

Commitment to Excellence

Engineering Flexibility. Delivering Innovation



Scaling Newer Heights

Aeroflex has consistently demonstrated strong financial performance, marked by significant growth and robust metrics. Over the past years, we have achieved remarkable revenue growth, improved profitability, and enhanced operational efficiency. Our strategic focus on innovation, market expansion, and operational excellence has driven sustained value for our stakeholders.

Total Income
18.03%
5Y CAGR

EBITDA
23.00%
5Y CAGR

PAT
42.58%
5Y CAGR

Total Income
(₹ in Crores)

FY19	140.5
FY20	144.9
FY21	144.8
FY22	241.0
FY23	269.4
FY24	321.7

EBITDA
(₹ in Crores)

FY19	23.3
FY20	22.4
FY21	22.3
FY22	46.9
FY23	54.1
FY24	65.7

EBITDA Margin
(In %)

FY19	16.61
FY20	15.44
FY21	15.42
FY22	19.48
FY23	20.07
FY24	20.41

PAT
(₹ in Crores)

FY19	7.1
FY20	4.7
FY21	6.0
FY22	27.6
FY23	30.2
FY24	41.8

PAT Margin
(In %)

FY19	5.04
FY20	3.25
FY21	4.16
FY22	11.44
FY23	11.19
FY24	12.98

ROCE
(In %)

FY19	30.31
FY20	17.10
FY21	18.85
FY22	43.08
FY23	36.99
FY24	31.33

ROE
(In %)

FY19	16.07
FY20	9.39
FY21	10.80
FY22	38.01
FY23	30.08
FY24	20.49

Net Debt to Equity
(In Times)

FY19	1.47
FY20	1.11
FY21	0.00
FY22	0.00
FY23	0.34
FY24	0.00

Forward Looking Statement

This document includes forward-looking statements pertaining to anticipated future events and the financial and operational outcomes of Aeroflex Industries Limited ('AIL ' or 'Aeroflex' or 'Company'). Given their nature, these forward-looking statements necessitate our Company to make assumptions and are inherently susceptible to risks and uncertainties. There exists a prominent risk that the assumptions, predictions, and other forward-looking statements may not prove to be precise.

Readers are advised against placing undue reliance on these forward-looking statements, as various factors could lead to disparities between assumptions and actual future results and events. Consequently, this document is subject to a disclaimer and is qualified in its entirety by the assumptions, qualifications, and risk factors outlined in the Management Discussion and Analysis section of our Company's Annual Report.

For more details

www.aeroflexindia.com

Financial Highlights

Total Income

FY24

₹321.7 Crores

19.39% YoY

FY23

₹269.4 Crores

EBITDA

FY24

₹65.7 Crores

23.97% YoY

FY23

₹54.1 Crores

PAT

FY24

₹41.8 Crores

38.41% YoY

FY23

₹30.2 Crores

Engineering Flexibility. Delivering Innovation

Aeroflex Industries Limited, a leader in flexible engineering solutions, takes pride in presenting its inaugural annual report following a successful listing. This milestone underscores our commitment to redefining industry standards through cutting-edge innovations that cater to diverse market needs.

As pioneers in advanced flow solutions, we foster a culture of excellence, collaboration, and sustainability. Our unwavering dedication to quality and customer satisfaction drives us to consistently deliver products that exceed expectations. With a focus on replacing conventional solutions, we leverage our engineering capabilities to provide flexible, efficient, and environmentally conscious alternatives.

This report encapsulates our achievements over the past year, highlighting our journey towards sustainable growth and industry leadership. It showcases our vision for the future, where we continue to push boundaries, drive innovation, and set new benchmarks in engineering flexibility.

Product Portfolio

Explore our extensive range of metallic flexible flow solutions, designed to meet the diverse needs of various industries with precision and reliability.

Pg 06

Sustainability Practices

Explore our commitment to environmental stewardship and the use of recycled materials in our operations.

Pg 22

Employee Well-being

Learn about our initiatives to promote a healthy and productive work environment, including our on-site Occupational Healthcare Centre and Mind & Body Wellness Centre.

Pg 26

New Beginnings. Unlocked Potential

The successful IPO of Aeroflex marks the beginning of an exciting new chapter in our journey. This milestone not only underscores our commitment to growth and innovation but also enhances our transparency and focus on value creation for all stakeholders.

A Milestone Achievement

FY24 has been a landmark year for Aeroflex Industries, highlighted by our successful Initial Public Offering (IPO). The IPO comprised a fresh issue of equity shares worth ₹162 Crores and an offer-for-sale (OFS) of ₹189 Crores by our promoter, SAT Industries Limited. The overwhelming response from investors, with the IPO being subscribed 97.11 times, is a testament to the market's confidence in our business model and growth prospects.

Beginning of a New Journey

The successful listing on the stock exchange marks the beginning of a new journey for Aeroflex. As a publicly listed entity, we are now poised to leverage the capital raised to fuel our strategic growth initiatives. This includes expanding our production capacity, enhancing our R&D capabilities, and exploring new markets and product segments. The IPO has provided us with the financial strength to pursue these opportunities and drive long-term value creation for our shareholders.

Increased Transparency and Governance

With our public listing, we are committed to upholding the highest standards of corporate governance and transparency. We understand the responsibility that comes with being a listed entity and are dedicated to maintaining open and transparent communication with our investors, regulators, and other stakeholders. Our focus on robust governance practices will ensure that we continue to operate with integrity and accountability, fostering trust and confidence in our business.

Focus on Value Creation

The capital raised through the IPO will be strategically deployed to enhance our operational capabilities and drive value creation. We plan to invest in expanding our production capacity, particularly in high-margin product segments such as assemblies and fittings. Additionally, we will continue to focus on innovation and R&D to develop advanced flow solutions that meet the evolving needs of our customers. Our goal is to deliver sustainable growth and superior returns to our shareholders while maintaining our commitment to quality and excellence.

Responsibility as a Listed Entity

As a publicly listed company, we recognize the increased responsibility to our shareholders and the broader market. We are committed to delivering on our promises and achieving our strategic objectives. Our focus will remain on driving operational efficiencies, expanding our market presence, and enhancing our product offerings. We will also continue to prioritise sustainability and corporate social responsibility, ensuring that our growth is aligned with the broader goals of environmental stewardship and social well-being.

Engineering Excellence. Driving Progress

Aeroflex Industries Limited, incorporated in 1993, is a leading manufacturer of metallic flexible flow solutions. As part of the promoter group Sat Industries Limited, Aeroflex has established itself as a global player, exporting to 88 countries across Asia, the Americas, Europe, and Africa. Our products are designed for the controlled flow of solids, liquids, and gases, catering to a wide range of industries.

Our state-of-the-art facility in Taloja, Navi Mumbai, India, is equipped with advanced technology and supervised by a highly qualified team. We pride ourselves on our ability to provide customised solutions, supported by in-house R&D and a NABL-accredited lab. Our commitment to quality and innovation has earned us global customer accreditations and recognition as a Great Place to Work by the Great Place to Work Institute.

At Aeroflex, we are dedicated to sustainability and responsible corporate practices. Our products are designed to replace conventional flow solutions, offering superior performance and environmental benefits. With over 2,388 SKUs and 72+ products in various stages of research and development, we continue to push the boundaries of engineering flexibility and deliver innovative solutions to our customers.

25
Years of Industry Leadership

88
Countries Exported To

2,388+
Product SKUs

72+
Products in R&D

14
Qualified R&D team Members

NABL
Accredited Lab

Distinctive Capabilities

Leading Manufacturer of Metallic Flexible Flow Solutions: Aeroflex is a premier producer of metallic flexible flow solutions, ensuring superior performance across diverse applications.

Innovation & Strong R&D Led Business: Our robust R&D team drives innovation, developing new products and improving existing ones to stay ahead in the market.

Responsible Corporate Practices: We are committed to sustainability, using recycled materials and emission-free technologies in our operations.

Global Customer Accreditations: Our products are globally recognised and accredited, reflecting our commitment to quality and reliability.

Awarded as Great Place to Work: Recognised for our excellent workplace culture, we prioritise the well-being and development of our employees.

State-of-the-Art Infrastructure: Our advanced manufacturing facilities are equipped with cutting-edge technology to deliver high-quality products.

Advanced Engineering. Superior Performance

Aeroflex Industries offers a diverse range of scalable and customised flexible flow solutions, designed to meet the unique needs of various industries with high-quality products. Our product portfolio includes stainless steel flexible hoses, assemblies and fittings, and Composite Hoses, Interlock Hoses & Others: each engineered to deliver superior performance in demanding environments.

1

Stainless Steel Flexible Hoses

Our stainless steel flexible hoses, available in both braided and non-braided versions, are designed to withstand high pressures, extreme temperatures, and corrosive environments. These hoses play a pivotal role in ensuring the efficiency and safety of industries such as steel, oil refineries, and firefighting. The hoses are made from coiled strips of stainless steel, welded at the seam, and corrugated to provide flexibility.

60.4%

Revenue Contribution

Key Properties

- Absorb High Pressure
- Temperature Resistance
- Abrasion Resistance & Flexibility in fitting
- Chemical Compatible
- Ranging from 1/4" to 14"
- Perfect Fit for Extreme Environment Conditions

2

Assemblies & Fittings

Fittings affixed to both ends of flexible hoses serve as plug and play solutions, ensuring seamless linkage for designated applications. Various types of fittings can be securely fastened to the hose ends through welding or clamping methods, forming an assembly. These assemblies are crucial for applications requiring precise and reliable connections, such as in chemical processing, pharmaceuticals, firefighting, defence, aerospace and oil and gas industries.

33.6%

Revenue Contribution

Key Properties

- Customisable Fittings
- Secure and Reliable Connections
- Suitable for Diverse New-Age Applications

3

Composite Hoses, Interlock Hoses & Others:

Composite hoses are crafted from a blend of materials, offering flexibility and versatility. They are lightweight, easy to use, and safer compared to rubber hoses. This segment also includes interlock hoses and other specialised products. These specialised hoses are ideal for applications in industries such as chemicals, pharmaceuticals, EV, Solar, where flexibility and chemical compatibility are essential.

6.0%

Revenue Contribution

Key Properties

- Lightweight and Flexible
- High-pressure Resistance
- Suitable for Demanding Technical Specifications

Diverse Sectors. Trusted Solutions

Aeroflex caters to a wide range of industries, providing high-quality flexible flow solutions that meet the specific needs of each sector. Our products are designed to perform in the most demanding conditions, ensuring reliability and efficiency across various applications.

Major Industries Served

Steel & Metal

Our flexible flow solutions are used in blast furnaces, BOF furnaces, coke over & coke by-product transfer, boiler & generation units, high-temperature lubricating lines, cooling water hoses, and vacuum degasser. These applications require hoses that can withstand high temperatures and pressures, ensuring safe and efficient operations.

Oil & Natural Gas

Our products efficiently transfer LNG, hydrocarbons, steam, and by-products in refineries and other applications. The temperature resistance and durability of our hoses make them ideal for use in the harsh environments of the oil and gas industry.

Petrochemicals

Our hoses are used for the transfer of chemicals in processing, loading/unloading of liquid chemicals, and various technological processes. The chemical compatibility and flexibility of our products make them suitable for handling a wide range of substances.

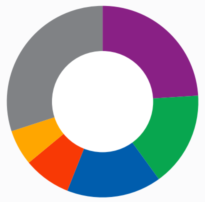
Refinery

In refineries, our flexible flow solutions are used to transfer hydrocarbons, steam, and by-products. These hoses are essential for maintaining the efficiency and safety of refining processes.

Mining

Our hoses are used in various mining applications, including the transfer of slurry, chemicals, and other materials. The durability and flexibility of our products make them ideal for the demanding conditions of the mining industry.

Revenue Breakup by Industry



Steel	24%
Oil and Natural Gas	16%
Petrochemicals	16%
Refinery	8%
Mining	6%
New Age Industries*	30%

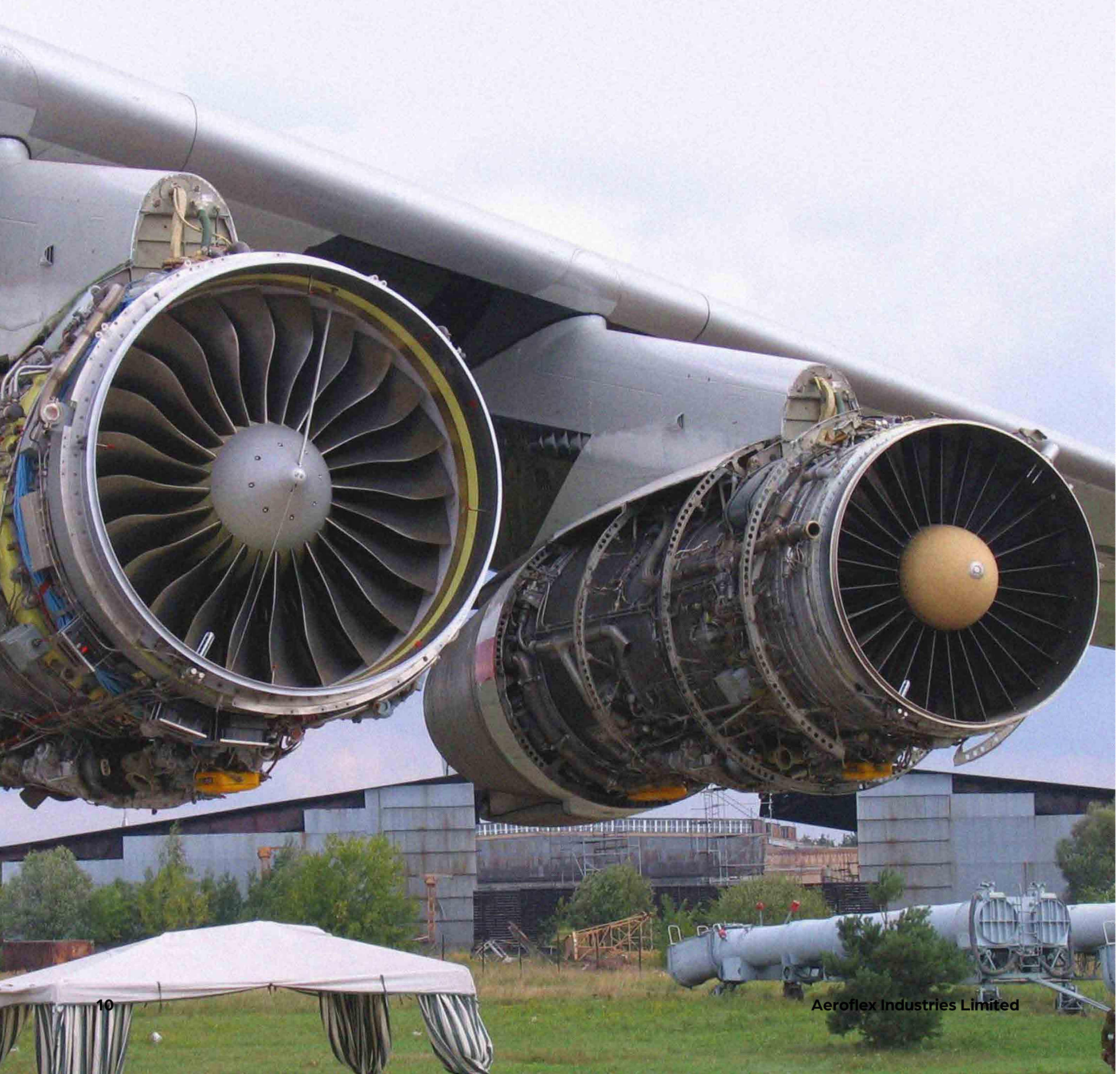
*New Age Industries includes fire sprinklers, solar and others

Marquee Clients

We are proud to serve some of the most prestigious clients in the industry, including

Pioneering Solutions for New Age Industries

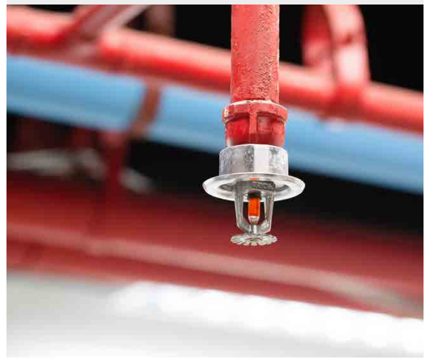
Aeroflex is strategically expanding into new-age industries such as firefighting, electric mobility, robotics, semiconductors, and aerospace. By leveraging our advanced engineering capabilities and innovative products, we are poised to capture significant opportunities in these rapidly growing sectors.



New Age Industries

Fire Fighting Solutions

High-pressure hoses are essential for fire sprinkling systems, both indoors and outdoors, ensuring rapid and effective fire suppression. These hoses carry water or fire retardants to extinguish fires efficiently, connecting to fire engines, hydrants, or building systems.



Solar

Our hoses are designed for solar panel water connections and other heating applications, capable of transporting hot and cold water between solar thermal panels and storage tanks. They withstand high temperatures and provide reliable performance, ensuring efficient solar energy systems.

Robotics

Our flexible flow solutions are integral to pneumatic systems, robotic welding systems, and general automation applications. These hoses provide the necessary flexibility and durability required in advanced robotic applications, ensuring smooth and efficient operation.

Semiconductors

In the semiconductor industry, our small diameter hoses are used for discrete applications in chip fabrication, ensuring precision and reliability. They transfer ultrapure water, chemicals, and gases, maintaining the purity of transported fluids in cleanroom environments.

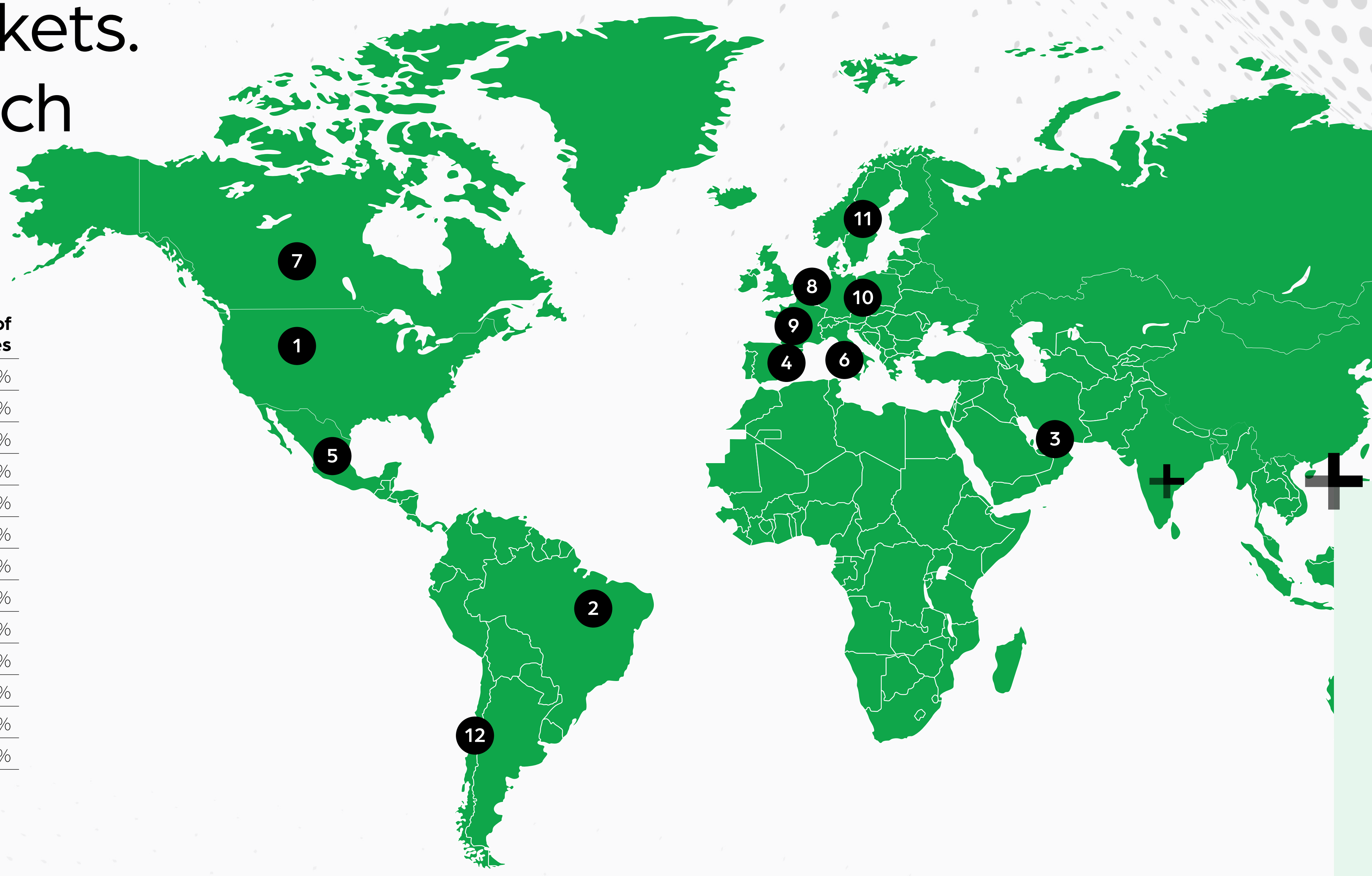
Aerospace and Defence

Our products are crucial for the transfer of fuel, lubrication, compressed gases, and coolant across aircraft systems, providing the flexibility and reliability needed in these critical applications. They are used in hydraulic systems, fuel lines, and cooling systems in aerospace and defence.

Electric Mobility

Our hoses are used for thermal management in electric vehicles (EVs), ensuring efficient heat dissipation and reliable performance. They transport coolants efficiently, preventing overheating and ensuring the longevity of EV components, making them ideal for complex EV cooling systems.

Varied Markets. Global Reach

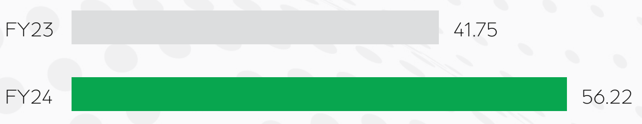


Countrywise Export Sales for FY24

Country	% of sales
1. USA	51.70%
2. Brazil	5.40%
3. UAE	5.05%
4. Spain	4.05%
5. Mexico	3.18%
6. Italy	3.06%
7. Canada	2.81%
8. Belgium	2.77%
9. France	2.37%
10. Poland	2.28%
11. Sweden	1.83%
12. Chile	1.64%
13. Other Countries	13.87%

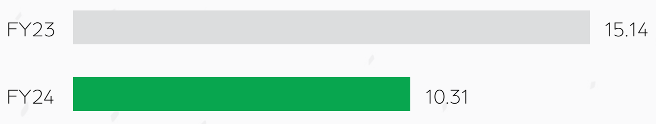
International Sales Breakup

North America
(In % of geographical sales)



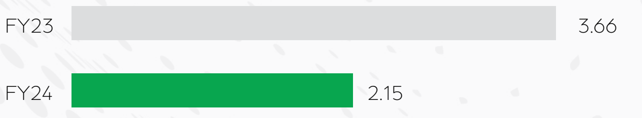
Europe
(In % of geographical sales)

Asia
(In % of geographical sales)

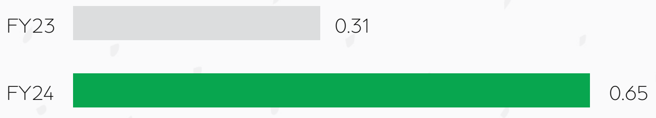


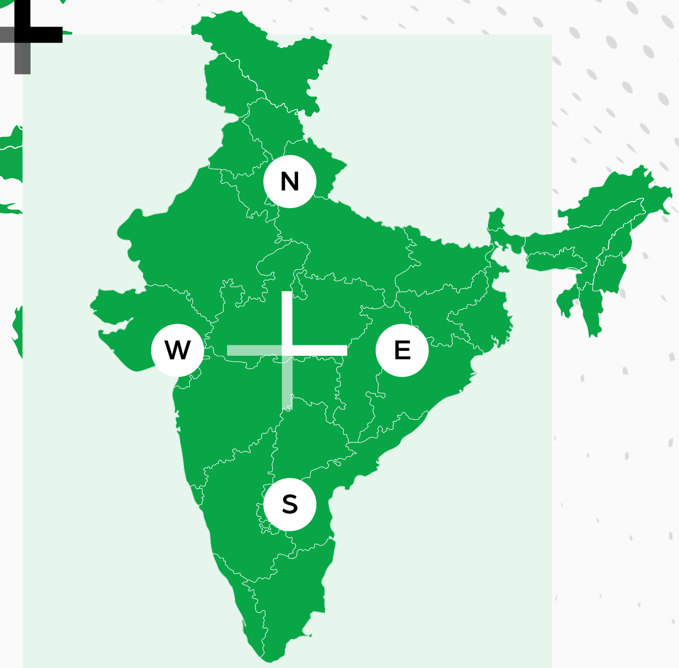
South America
(In % of geographical sales)

Africa
(In % of geographical sales)



Australia
(In % of geographical sales)





Domestic Sales Breakup

Particulars	FY24	FY23
1. West	62.62%	59.84%
2. East	17.69%	13.44%
3. South	11.32%	18.13%
4. North	8.38%	8.59%

Futuristic Infrastructure. Proactive Expansion

Aeroflex operates from a state-of-the-art manufacturing facility in Taloja, Navi Mumbai. With an installed capacity of 13.5 million metres (as on March 31, 2024) and over 80 production lines, the company is strategically positioned for growth through propitious expansion plans. Our facility is equipped with advanced machinery and staffed by a dedicated workforce, ensuring high-quality production and efficient operations.

4,38,587
Total Area
(in square feet)

13.5 million
Current Installed Capacity
(in metres)

80+
Number of
Production Lines

480+
Employee
Strength

The manufacturing facility is equipped with advanced machinery, including mechanical and hydraulic corrugation machines, interlocking machines, braiding machines, bobbin machines, and assembly equipment. This enables the production of a diverse range of customised hoses, braiding, assemblies, and fittings. Our strategic location near the JNPT Port facilitates efficient logistics and distribution.

Certifications

ISO 9001:2015, ISO 45001:2018, ISO 14001:2015

In-house Facilities

- Design and R&D Laboratory
- Product Testing Department
- Dedicated Storage Areas

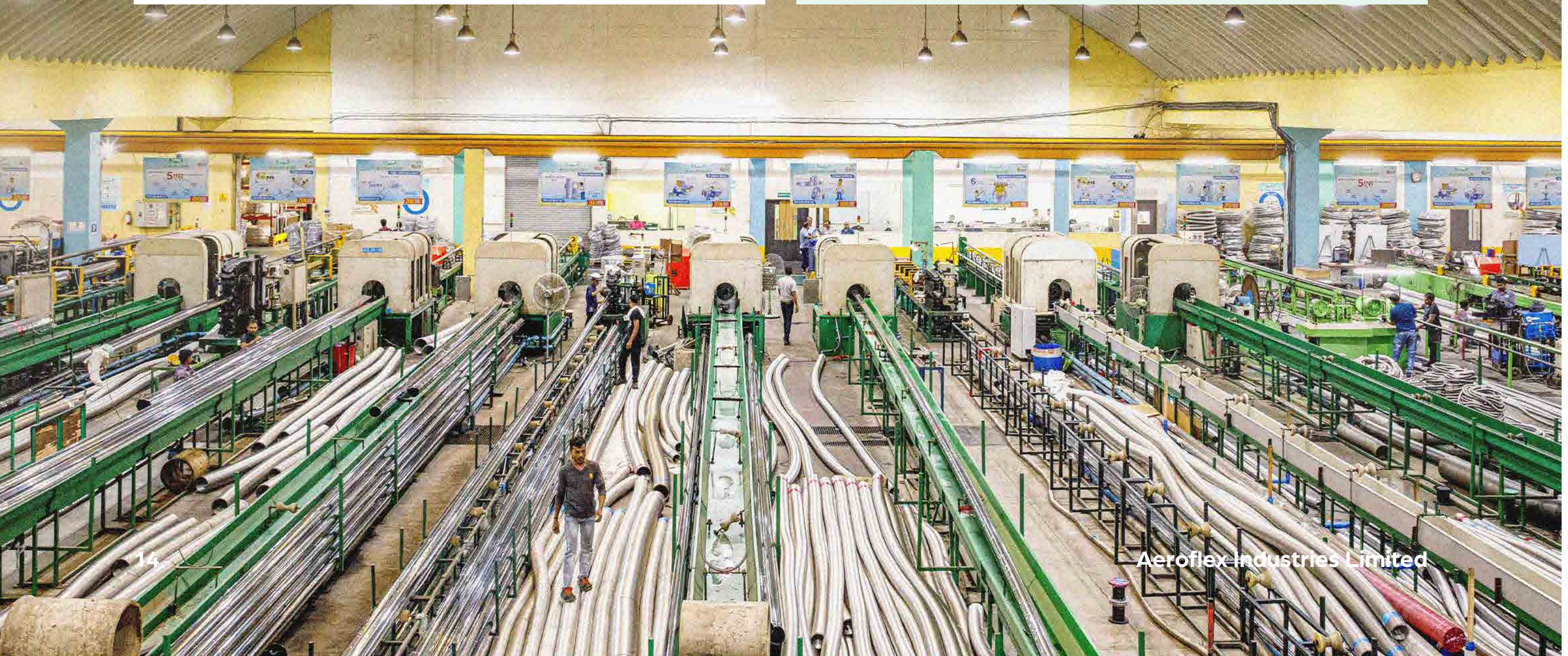
Operational Highlights for FY24

87.91%
Capacity utilisation rate for SS Flexible Hoses

32.18%
Growth in SS Flexible Hose production (FY24 vs FY23)

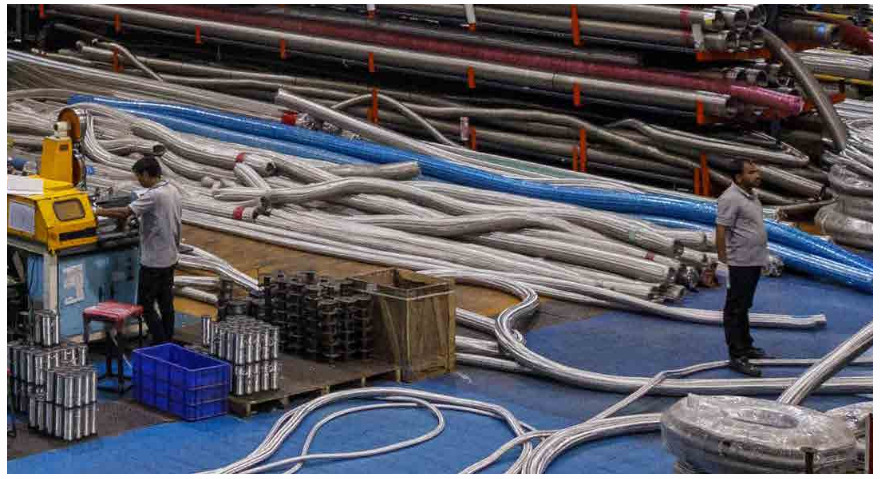
40,000 Metres
Per annum plant capacity for Composite Hoses

46.06%
Capacity utilisation rate for Composite Hoses (FY24 vs FY23)



Strategic Expansion for Future Growth

Aeroflex is committed to expanding its manufacturing capabilities through strategic capex plans. Our expansion projects are designed to ensure we remain at the forefront of the industry, delivering high-quality products and innovative solutions.



Planned Capex and Expansion Timelines

Phase	Timeline	Product Segment	Details	Additional Capacity
SS Flexible Hose Phase I	March 2024	Hoses & Braiding	Capacity increased from 11 million metres to 13.5 million metres	**2.5 million** metres
SS Flexible Hose Phase II	December 2024	Hoses & Braiding	Planned capacity increase to 16.5 million metres	**3 million** metres
Composite Hoses	Q2FY25	Composite Hoses	Addition of 3 more lines for sizes up to 20 inches	
Assemblies & Fittings	March 2024	Assemblies & Fittings	Addition of 8 new welding stations	
Metal Bellows Phase I	December 2024	Metal Bellows	Setting up manufacturing capacity of 120,000 pieces per year	
Metal Bellows Phase II	-	Metal Bellows	Additional capacity of 1,80,000 pieces taking the cummulative capacity to 3,00,000 pieces annually	

Details of Planned Capex

Hoses & Braiding
Phase I was completed in March 2024, increasing capacity to 13.5 million metres. Phase II is planned for December 2024, targeting 16.5 million metres.

Composite Hoses
Currently operating 3 lines for sizes up to 14 inches. Plan to add 3 more lines for sizes up to 20 inches by Q2FY25.

Assemblies & Fittings
Presently running 21 welding stations, with 8 new stations added in March 2024. Future plans include automated and robotic assembly lines.

Metal Bellows
Expansion in two phases, with a total expected capacity of 3,00,000 pieces annually. Phase I to be completed by December 2024, targeting 1,20,000 pieces per year.

Innovative Solutions. Advanced Research

Aeroflex Industries is committed to driving innovation through robust R&D initiatives, focusing on developing advanced flow solutions using diverse materials to meet evolving industry needs. Our R&D efforts are integral to our strategy, enabling us to stay ahead of market trends and deliver high-quality and customised solutions to our clients.

Expanding Product Portfolio

At Aeroflex, our R&D efforts are dedicated to expanding our product portfolio across existing and new materials, including stainless steel, bronze, inconel, monel, and PTFE. Our Design and R&D activities are focused on conducting research, designing, and developing new solutions for various industries.

Competitive Advantage

Our R&D initiatives provide us with a competitive advantage by addressing global trends in industrial ecosystems. We develop newer flow solutions using existing and new materials, moving up the value chain with more complex assemblies and solutions. This approach not only enhances our product offerings but also improves our manufacturing processes, ensuring we meet the specific needs of our customers.

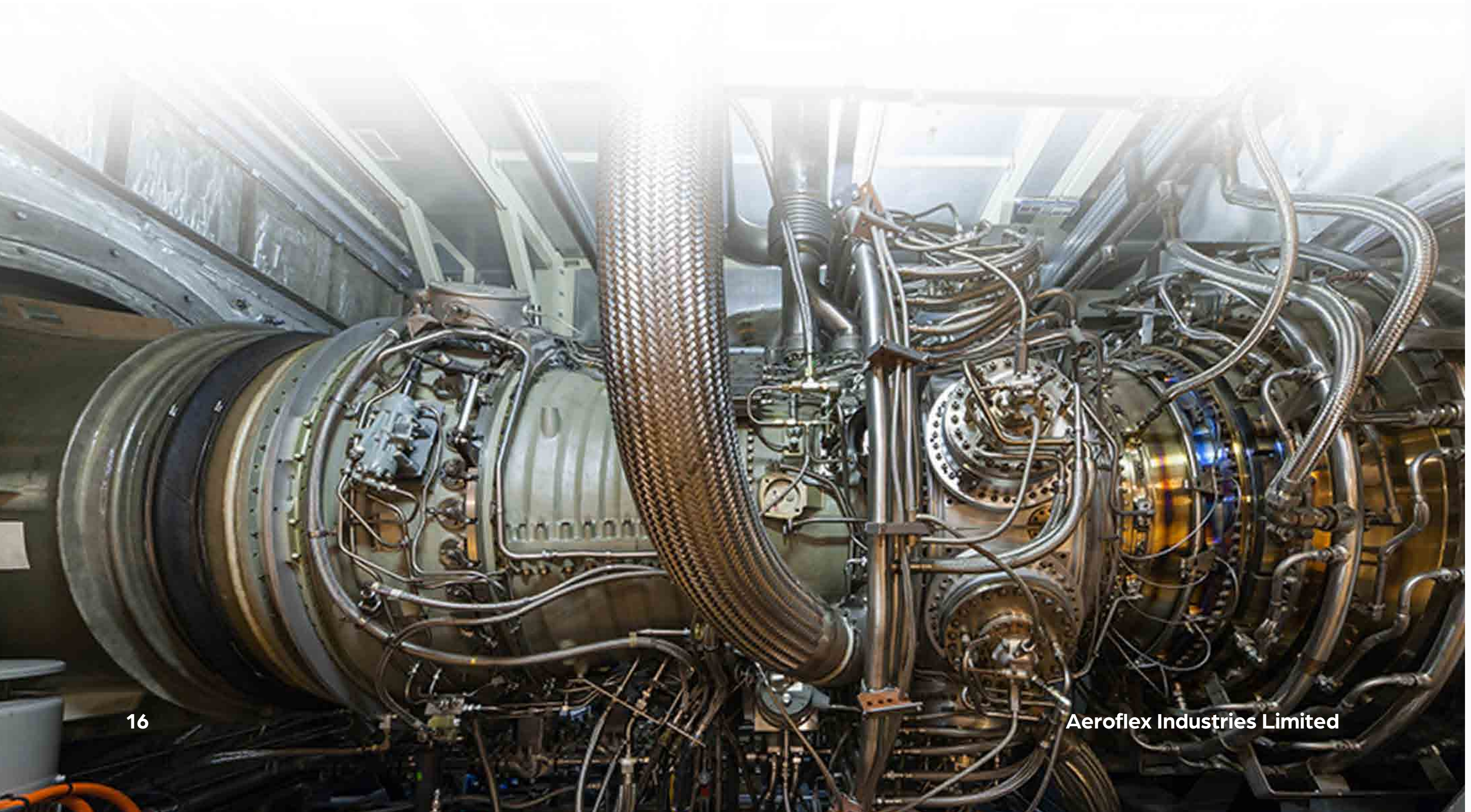
72+
Products under R&D

14
Qualified R&D Team Members

NABL
Accredited Lab

R&D Spends

(₹ in Crores)



Sustainability and Quality Assurance

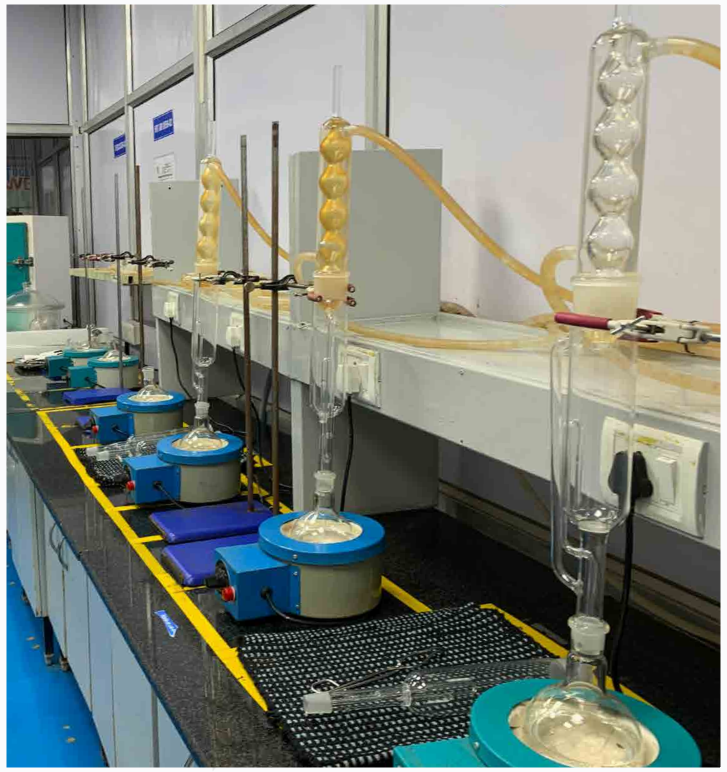
Sustainability is at the core of our R&D efforts. Our manufacturing facility is certified in accordance with international standards for quality, environmental, health, and safety management systems, including ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018. We have implemented several green initiatives, such as in-house water recycling, the use of electric vehicles within the plant, and significant use of recycled and reprocessed packaging materials.

Our NABL-accredited lab ensures that all our products meet stringent quality standards. We continuously strive to reduce emissions, recycle, and reuse to conserve natural resources, aligning our R&D initiatives with our commitment to sustainability.

Recent Innovations

Our R&D team has recently launched several new products, including advanced flow solutions made with high-end materials. These innovations are designed to meet the specific requirements of various industries, ensuring reliability, durability, and performance. Our ongoing research and development initiatives are geared towards not only addressing present-day challenges but also propelling us into the future. As we strive to remain ahead of the curve, we are constantly exploring avenues to delve into futuristic and emerging markets. Some of the key products developed recently or under research and development include:

- **Fire Sprinklers Solution for EV Buses:** Development is underway for electric bus rooftops designed to provide protection against fires.
- **Bronze Metal Flexible Flow Solutions:** Bronze hoses for HVAC (Heat Ventilation and Air-Conditioning) applications.
- **A-704 Hoses:** Higher thickness hoses and longer lengths without joints (Mechanical Formed).
- **Inconel 625 and 825 Hoses and Assemblies:** Hoses made of Inconel 625 and Inconel 825 for higher temperature applications, such as feed gas hoses for blast furnaces.
- **Monel Hoses:** Hoses for highly corrosive environments, shipping, and submarine applications.
- **Aviation Assemblies:** For engine cooling applications.
- **Semiconductor Assemblies:** For the transfer of various gases and energies with ultimate precision.
- **Cryogenic Application Assemblies:** Hose assemblies with copper/brass fittings used for oxygen, argon, and nitrogen loading and unloading.
- **Fire Sprinkler Spiral Hose:** Hose assemblies with sprinkler nozzles and end fittings for fire hydrant systems.
- **Solar Hoses with Fitting Kit:** Hose assemblies for solar applications, used for water heating systems.



Certifications and Quality Control

Our commitment to quality is reflected in our numerous certifications and accreditations. Our manufacturing facility is certified under ISO 9001:2015 for quality management, ISO 14001:2015 for environmental management, and ISO 45001:2018 for occupational health and safety. Additionally, our NABL-accredited lab ensures that all our products meet the highest standards of quality and reliability.

Strategic Growth. Sustainable Future

Dear Shareholders,

I am delighted to present to you the annual report for Aeroflex Industries Limited for FY24. This year has been monumental for our company, marked by significant achievements and strategic advancements. We extend our heartfelt gratitude to all our shareholders for their unwavering support and trust in our vision and mission.

Strong Results. Steady Growth.

FY24 has been a period of robust growth and resilience for Aeroflex the challenging global economic environment, we have successfully navigated through uncertainties and delivered strong financial performance. Our total income for the year stood at ₹321.75 Crores, reflecting an 19% growth over the previous year. Our EBITDA reached ₹65.65 Crores, marking a 24% increase, with EBITDA margins standing at 20.40%. The profit after tax for the year was ₹41.73 Crores, a robust 38.41% growth year-on-year. Furthermore, the company has announced a 12.5% dividend on equity for FY24.

Our production volume surged to 11.8 million metres, an increase of 32.18% compared to the previous year, with a capacity utilisation rate of 87.9%. This growth was driven by sustained demand across both traditional and emerging industries, including firefighting solutions, oil and gas, and new-age sectors such as solar, robotics, and electric vehicles.

Strategic Moves. Future Expansion.

In line with our strategic growth initiatives, In April 2024, we successfully acquired Hyd-Air Engineering Private Limited for a total consideration of ₹17.21 Crores, funded partially through internal accruals and partially by proceeds from our IPO. This acquisition marks a significant milestone in our journey, enabling us to provide end-to-end solutions from hoses and fittings to complete assemblies. It strengthens our value proposition, enhances customer satisfaction, and reduces product lead time.

"Our strategic focus remains on expanding our product portfolio, enhancing our global presence, and driving operational efficiencies through digitization and Industry 4.0 initiatives."

"In line with our strategic growth initiatives, we successfully acquired Hyd-Air Engineering Private Limited for a total consideration of ₹17.21 Crores, funded partially through internal accruals and partially by proceeds from our IPO"

Additionally, it expands our presence into key sectors such as railways, shipbuilding, and heavy industries, gaining entry to a distinguished client base.

Our propitious capex plans are designed to further enhance our production capabilities and meet growing market demands. During the year, we concluded the expansion of 2.5 million metres, bringing our total capacity to 13.5 million metres per annum. Phase II of our capacity expansion is progressing as planned, with an additional 3 million metres to be completed by December 2024, taking our total capacity to 16.5 million metres per annum. We are also adding three new lines in composite hoses production, expected to be completed by September 2024, and setting-up our metal bellows project in two phases, with a total capacity of 3,00,000 pieces annually. The first phase, with a capacity of 1,20,000 pieces per year, is expected to be completed by December 2024.

Visionary Goals. Future Focus.

Our strategic vision is centred around expanding our portfolio of solutions to capitalise on large opportunities across industrial segments. We are committed to developing and introducing new products, enhancing our capabilities, and serving diverse industrial segments to strengthen our market position as a global flexible flow solutions company. We aim to diversify our offerings through foraying into flexible flow solutions made with other high-end materials, including bronze, polytetrafluoroethylene, and Inconel, among others.

We are also focused on scaling up our in-house Design and R&D efforts to develop complex and advanced flow solutions based on global industrial trends and standards. By leveraging our well-equipped and dedicated in-house design capabilities, we aim to provide upfront design services to customers, resulting in higher levels of customer servicing and optimization of operating margins.

Furthermore, we plan to expand our operations in geographies such as the USA, Europe, Far East Region, and the Middle East and North Africa (MENA) region by opening strategic delivery locations, expanding our share of supplied products, and diversifying our portfolio. This expansion will ensure integrated solutions under a single roof, along with timely delivery to our customers at their locations in a cost-efficient manner.

Sustainable Practices. Green Future.

At Aeroflex, sustainability is at the core of our operations. We are committed to reducing our environmental footprint and promoting sustainable practices across our business. Our manufacturing facility is certified in accordance with international standards for quality, environmental, health, and safety management systems, including ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018.

We have implemented several green initiatives, including in-house water recycling through a treatment plant, active use of electric vehicles within the plant for material movement, and significant use of recycled and reprocessed packaging materials. These initiatives not only contribute to environmental conservation but also enhance our operational efficiency and cost-effectiveness.

People First. Empowering Workforce.

Our people are our greatest asset, and we are dedicated to fostering a supportive and inclusive work environment. We have implemented various initiatives to promote employee well-being, including a dedicated medical clinic at our manufacturing facility, a crèche facility for female employees, and a Mind & Body Wellness Center. Regular health and safety training programs are also conducted. Our commitment to employee development is reflected in our recognition as a Great Place to Work by the Great Place to Work Institute. We continue to invest in our workforce, with a focus on skill development and continuous learning.

Future Outlook. Promising Prospects.

Looking ahead, we are optimistic about the future and confident in our ability to capitalise on emerging opportunities. Our strategic focus remains on expanding our product portfolio, enhancing our global presence, and driving operational efficiencies through digitization and Industry 4.0 initiatives. We aim to leverage our advanced manufacturing capabilities and innovative solutions to meet the evolving needs of our customers across diverse industrial segments.

We are committed to scaling up our in-house Design and R&D efforts, developing complex and advanced flow solutions based on global industrial trends and standards. Our focus on sustainability, health, and safety will continue to drive our operations, ensuring that we remain a responsible corporate citizen.

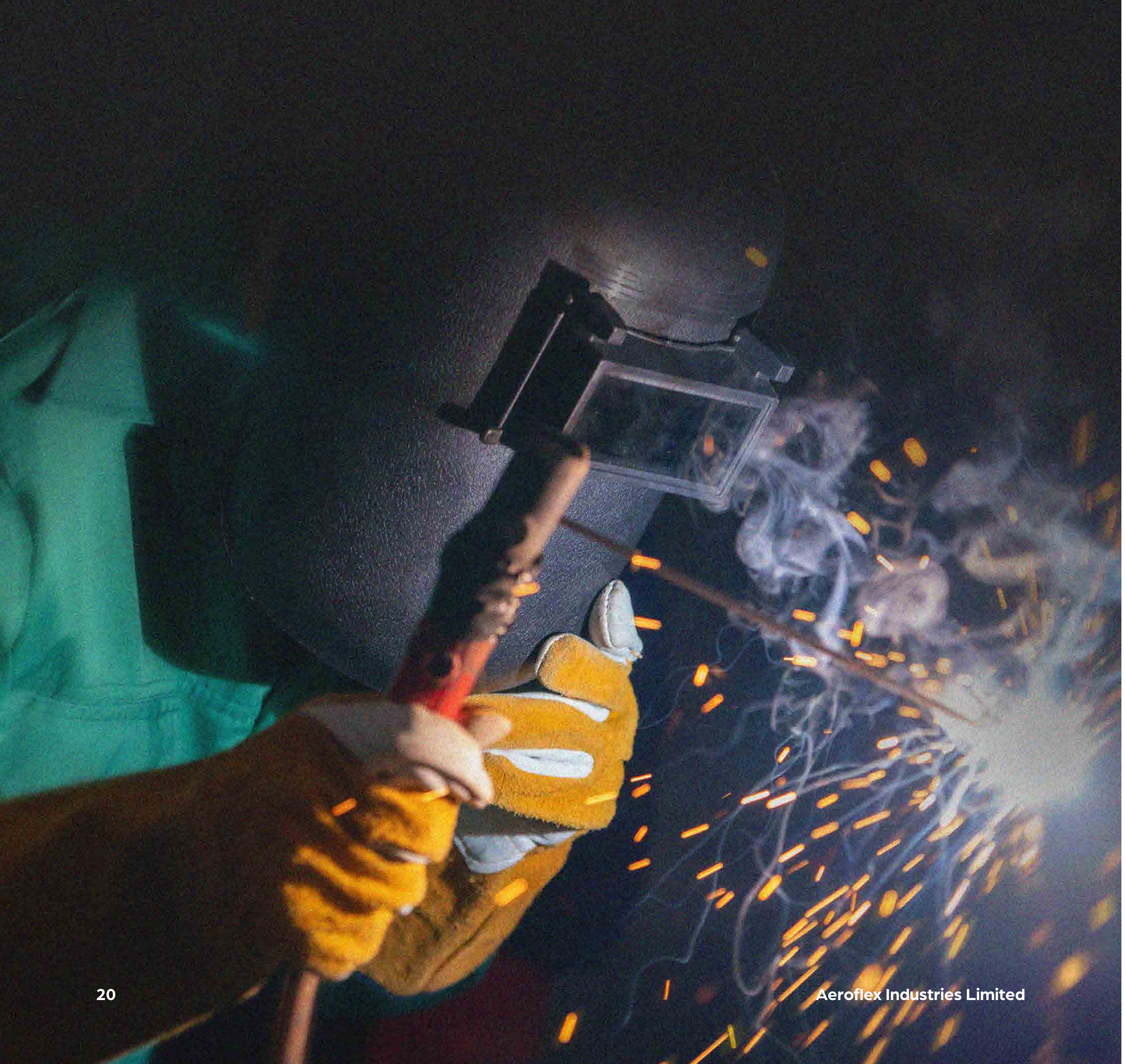
In conclusion, I would like to express my sincere gratitude to our shareholders, customers, employees, and partners for their continued support and trust in Aeroflex Industries. Together, we have achieved significant milestones and are well-positioned for future growth. We remain committed to delivering value to all our stakeholders and driving sustainable progress in the years ahead.

Thank you for your continued support.
Warm regards,

Asad Daud
Managing Director

Strong Foundation. Robust Capabilities

Aeroflex Industries has established itself as a leading global provider of metallic flexible flow solutions, catering to diverse industrial sectors worldwide. Our strengths lie in our extensive global presence, comprehensive product portfolio, advanced manufacturing infrastructure, strong research and development capabilities, and experienced management team. These strengths position us advantageously to capture growth opportunities and deliver sustained value to our stakeholders.



Global Reach and Diversified Footprint

Aeroflex has a significant international presence, exporting its products to 88 countries across Asia, the Americas, Europe, and Africa. Over the past few years, we have expanded our global reach, adding new export markets. This wide geographic diversification allows us to capitalise on growth opportunities across various regions and mitigate risks associated with any specific market.

Comprehensive Flow Solutions Provider

We offer a diverse range of metallic flexible flow solutions, including corrugated hoses, assemblies, and fittings, catering to a wide spectrum of industrial sectors such as manufacturing, automotive, oil and gas, HVAC, and emerging industries like renewables, battery management, electric mobility solar and robotics. This diversified product portfolio positions us as a comprehensive flow solutions provider, enabling us to cater to the evolving needs of our global customer base.

Cutting-Edge Manufacturing Capabilities

Our state-of-the-art manufacturing facility in Taloja, Navi Mumbai, is equipped with advanced machinery, including mechanical and hydraulic corrugation machines, interlocking machines, braiding machines, bobbin machines, and assembly equipment. With a production capacity of 13.5 million metres and over 80 production lines, we ensure high-quality production and efficient operations. Our strategic location near the JNPT Port facilitates efficient logistics and distribution.

Strong Research and Development Focus

Our R&D efforts are focused on expanding our product portfolio across existing and new materials, including stainless steel, bronze, inconel, monel, and PTFE. Our Design and R&D team, comprising 14 highly qualified members, is working on 72+ products in various stages of research and development. Our NABL-accredited lab ensures that all our products meet stringent quality standards, providing us with a competitive advantage in the market.

Experienced Leadership and Skilled Workforce

Our senior management team has extensive experience and know-how in the flexible flow solutions industry, across business development, research and development, operations, administration, marketing, and human resource management. We leverage the understanding and experience of our management and professional team to manage our operations and growth effectively. Our dedicated workforce of over 480 employees is continuously trained to keep up with the latest changes in manufacturing technologies and processes.

Commitment to Sustainability

Sustainability is at the core of our operations. We have implemented several green initiatives, such as in-house water recycling, the use of electric vehicles within the plant, and significant use of recycled and reprocessed packaging materials. Our manufacturing facility is certified in accordance with international standards for quality, environmental, health, and safety management systems, including ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018.

Robust Financial Performance

Aeroflex Industries Limited has demonstrated strong financial performance over the years, marked by consistent growth metrics. Our Revenue from Operations for FY24 stood at ₹321.75 Crores, reflecting an 19% growth over the previous year. Our EBITDA reached ₹65.65 Crores, marking a 24% increase, with EBITDA margins standing at 20.40%. The profit after tax for the year was ₹41.73 Crores, a robust 38.41% growth year-on-year.

Strategic Acquisitions and Expansion Plans

In line with our strategic growth initiatives, we acquired Hyd-Air Engineering Private Limited for ₹17.21 crores, funded partially through internal accruals and IPO proceeds. This acquisition allows us to offer end-to-end solutions from hoses and fittings to complete assemblies, enhancing our value proposition and expanding into key sectors such as railways, shipbuilding, and heavy industries. Our capex plans, including expanding production capacity to 16.5 million metres per annum, are designed to meet growing market demands and drive long-term value creation.

High Entry Barriers

Comprehensive product approval process, which spans 3-12 months for certification, 2-4 months for product validation and customer approval, and 1-2 months for commercial production, creates significant barriers to entry for competitors. This lengthy and rigorous process ensures that customers develop long-term relationships with Aeroflex, fostering a stable and predictable revenue stream.

Responsible Growth. Ethical Governance

At Aeroflex, sustainability and responsible corporate practices are integral to our operations. We are committed to implementing green initiatives, maintaining high standards of corporate governance, and ensuring the well-being of our employees and communities.

100%
Water Recycling

35%-40%
Use of Recycled Packaging Material

₹57.50 lakhs
CSR Spend in FY24

Great Place to Work
Awarded by the Great Place to Work Institute

Sustainability Integrated across Operations

Aeroflex is dedicated to integrating sustainability across all aspects of its operations. The company has implemented green processes with negligible use of fossil fuels and 100% recycling of water through its in-house water treatment plant. Additionally, Aeroflex actively uses electric vehicles for the movement of goods and materials within its premises, reducing its carbon footprint and promoting eco-friendly practices.

Comprehensive Data Gathering & Tech-Enabled Monitoring

To ensure efficient management of our operations, we have implemented an integrated SAP ERP system. This system allows us to streamline our processes and improve operational efficiency. Furthermore, we have connected all our production lines through digital mediums using dedicated tablets installed at the lines to derive real-time data of the machines, enhancing our ability to monitor and optimise production.

Strong Corporate Governance

Our commitment to strong corporate governance is reflected in our leadership, which includes highly reputed promoters and a team of professionals, along with oversight from independent directors hailing from esteemed organisations such as Tata Group, Ashok Leyland, and Senior India. We have no pending litigations related to taxes, Companies Act matters, or other legal issues, underscoring our adherence to ethical business practices.

Use of Non- Emitting Technology and Recycled Consumables

We prioritise the use of non-emitting production technologies and recycled consumables. Our production technologies are zero-emission, and we use packaging materials made from reprocessed materials to the extent of 35%-40%. We are planning to shift to 100% recycled packaging materials within the next three years, furthering our commitment to environmental sustainability.

Adherence to Global Standards

Aeroflex adheres to global standards of quality, environmental, and occupational health and safety management. Our manufacturing facility is certified under ISO 9001:2015, ISO 45001:2018, and ISO 14001:2015. Additionally, our NABL-certified R&D lab ensures that all our products meet stringent quality standards. We have also been recognised as a Great Place to Work by the Great Place to Work Institute, reflecting our commitment to employee well-being and organisational excellence.

CRM System Implementation

To enhance our customer relationship management, we have implemented the Salesforce CRM system. This system allows us to manage the end-to-end flow from lead generation to order fulfilment, ensuring a seamless and efficient customer experience.

Corporate Social Responsibility (CSR)

Aeroflex is committed to contributing to the well-being of our communities through various CSR initiatives. During the financial year, we spent ₹57.50 Lakhs on CSR activities, focusing on areas such as education, healthcare, and environmental sustainability. Our CSR efforts are guided by our commitment to operate in an economically, socially, and environmentally sustainable manner, while recognising the interests of all our stakeholders.

Visionary Leadership. Strategic Direction

At Aeroflex, our Board of Directors comprises a distinguished group of individuals whose collective expertise, strategic vision, and unwavering commitment have been instrumental in propelling our company forward. Their diverse backgrounds and extensive experience provide the guidance and oversight necessary to drive innovation and ensure sound governance.

Committee Memberships:

● Chairman	A Audit Committee	N Nomination and Remuneration Committee
○ Member	C CSR Committee	S Stakeholders' Relationship Committee

A C S

Asad Daud
Managing Director and Chairman

Asad Daud, aged thirty-four (34) years, is the Managing Director and Chairman of our Company. He holds a bachelor's degree in accounting and finance from Hassaram Rijhumal (H.R.) College of Commerce and Economics, Mumbai, and a master's degree in accounting and finance from the esteemed London School of Economics, London. To further refine his leadership skills and business acumen, he completed Executive Education programs from IIM Bangalore and ISB Hyderabad. With over 14 years of experience in the manufacturing industry, Asad has played an instrumental role in expanding the domestic and international operations of our Company. His innovative approach has helped diversify our operations and product offerings.

C

Mustafa Abid Kachwala
Whole-Time Director and Chief Financial Officer

Mustafa Abid Kachwala, aged fifty-six (56) years, is the Whole-Time Director and Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Mumbai University. Mustafa has been associated with Aeroflex since 2010 and has over 14 years of experience in the company. He oversees the financial affairs of the Company and has been pivotal in managing our financial strategies.

A N C

Ramesh Chandra Soni
Independent Director

Ramesh Chandra Soni, aged sixty-four (64) years, is an Independent Director of our Company. He holds a bachelor's degree in commerce from the University of Udaipur and is a fellow member of the Institute of Chartered Accountants of India. With over 36 years of experience in accounts, finance, taxation, and banking, Ramesh brings a wealth of knowledge to our Board.

S N

Harikant Ganeshlal Turgalia
Non-Executive Director

Harikant Ganeshlal Turgalia, aged sixty-two (62) years, is a Non-Executive Director of our Company. He holds a bachelor's degree in commerce from the University of Udaipur and brings over 31 years of management and administration experience. Harikant has been associated with our Promoter since 2001 and has been instrumental in handling the financial aspects of our operations.

Shilpa Bhatia
woman independent Director

Shilpa Bhatia, aged fifty (50) years, is an Independent Director of our Company. She holds a bachelor's degree in arts from St. Xavier's College, Mumbai, a diploma in Personnel Management from XIM Mumbai, and bachelor's and master's degrees in law from Mumbai University. Shilpa is a practising advocate in the Hon'ble High Court of Bombay with over 21 years of experience.

N

Parthasarathi Sarkar
Independent Director

Parthasarathi Sarkar, aged seventy-three (73) years, is an Independent Director of our Company. He holds a bachelor's degree in technology (honours) from the Indian Institute of Technology Delhi and a master's degree in business administration from the Indian Institute of Management, Ahmedabad. Partha has extensive experience, having worked with Unilever, Tata Administrative Services, and various other firms, providing advisory and consultation services.

A S C

Arpit Khandelwal
Independent Director

Arpit Khandelwal, aged thirty-three (33) years, is an Independent Director of our Company. He is a member of the Institute of Chartered Accountants of India and holds a bachelor's degree in commerce from the University of Rajasthan. Arpit has also completed the Chartered Financial Analyst programme and has 11 years of experience in risk management, corporate laws, indirect taxes, and international trade laws.

Empowering Workforce. Nurturing Wellbeing

At Aeroflex, we believe that the wellbeing of our employees is the cornerstone of our success. Our comprehensive initiatives are designed to nurture the physical, mental, and emotional health of our workforce, ensuring a supportive and thriving work environment.

Putting Employees' Wellbeing First

Aeroflex is committed to the health and wellbeing of our employees. Our Occupational Healthcare Centre and Mind & Body Wellness Centre, located at our Taloja facility in Navi Mumbai, are equipped to address any emergencies and promote overall health. These centres are staffed with trained and qualified nurses and medical professionals, ensuring that our employees receive the best care possible.

Our healthcare facilities include dedicated beds for examination, dressing, and physiotherapy, and we have specialised doctors on-board for periodic check-ups. To monitor the health of our employees, we conduct body composition analyses every 60 days.

Child Care Centre

Understanding the importance of work-life balance, Aeroflex has established a Child Care Centre at our Taloja factory, exclusively for our employees. This centre offers comprehensive childcare and creche services, designed to nurture the children of our workforce. Our facility is equipped with trained caregivers who provide a safe and stimulating environment for children, allowing our employees to focus on their work with peace of mind.

Mental Health and Wellness

Mental health is a critical component of overall well being. At Aeroflex, we prioritise the mental health of our employees by offering regular mental health sessions conducted by professional psychologists. These sessions are designed to help employees manage stress, improve their mental resilience, and maintain a healthy work-life balance. Our holistic approach to employee wellness ensures that our workforce remains motivated, productive, and engaged.

Comprehensive Health Services

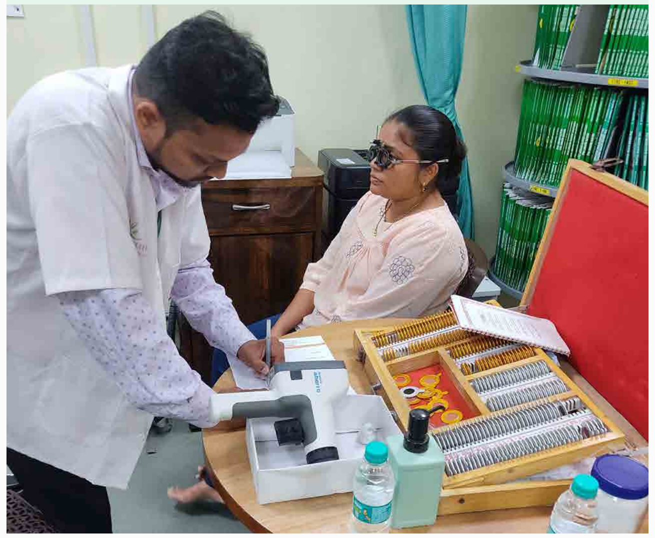
Our commitment to employee health extends beyond physical and mental wellness. We provide regular health check-ups and wellness programmes to ensure that our employees are in optimal health. Our facilities are equipped with the latest medical equipment, and we have a team of specialised doctors and healthcare professionals who are dedicated to the wellbeing of our workforce.

Blood Donation Camps

Understanding the critical need for blood donations, Aeroflex Industries Limited regularly organizes Blood Donation Camps at our facilities. These camps are conducted in collaboration with reputable blood banks and medical institutions to ensure the highest standards of safety and hygiene. Our employees actively participate in these camps, contributing to the community by donating blood.

Affiliations and Partnerships

To enhance our healthcare services, we have partnered with Medicover Hospitals, a leading healthcare provider in Navi Mumbai. This affiliation allows us to offer our employees access to a wide range of medical services and specialised care. Our partnerships with healthcare providers ensure that our employees receive the best possible medical attention when needed.



Emergency Preparedness

Our Occupational Healthcare Centre is equipped with a standby ambulance available 24/7, ensuring that our employees receive immediate medical attention in case of emergencies. Our trained medical staff are always on hand to provide prompt and effective care.

Tree Plantation Drives

At Aeroflex Industries Limited, we are committed to environmental sustainability and actively engage in Tree Plantation Drives. These drives are organized periodically at various locations, including our factory premises and surrounding communities. Our employees enthusiastically participate in planting trees, contributing to the greening of our environment.

Management Discussion and Analysis

Economic Overview

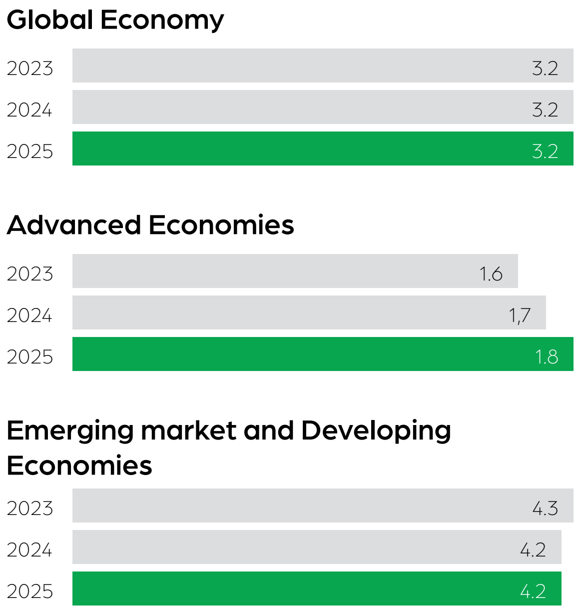
Global economy

Despite significant interest rate adjustments by central banks aimed at restoring stability in pricing, the global economy has shown resilience. Projections indicate continued worldwide economic growth at a rate of 3.2% for both 2024 and 2025, in line with the momentum of 2023. While advanced economies are expected to experience a slight increase in growth from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025, there will be a modest deceleration in emerging market and developing economies, stabilising at 4.2% growth for both 2024 and 2025, following a commendable 4.3% in 2023.

Looking ahead five years, the global growth forecast remains steady at 3.1%, indicating overall stability. Inflation is predicted to gradually decrease globally, declining from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. Advanced economies are expected to reach their inflation targets sooner than emerging markets and developing economies. However, core inflation is projected to decline at a measured pace overall.

Growth Projection

(Real GDP Growth, % change)



Source - IMF - World Economic Outlook - April 2024

Indian Economy

There is a growing expectation for the Indian economy to achieve a growth rate of 7% or higher for FY24, with forecasts even suggesting continued growth at this level for FY25. Such sustained growth, if realised, would mark the fourth consecutive year post-pandemic that the Indian economy has demonstrated resilience, exceeding the 7% threshold. This achievement underscores the robustness and potential of the Indian economy, presenting promising opportunities for its future trajectory.

Meanwhile, the global economy grapples with challenges in maintaining its post-Covid recovery amidst successive disruptions. Notably, supply chain disruptions have resurfaced in 2024, threatening to impact trade flows, transportation costs, economic output and global inflation. While these disruptions pose challenges, India, having adeptly navigated the adversities of the pandemic and previous energy and commodity price shocks in 2022, maintains a cautious confidence in its ability to navigate through emerging disturbances.

Source - The Indian Economy: A Review by Department of Economic Affairs

Industry Overview

Global stainless Steel (SS) flexible hose market

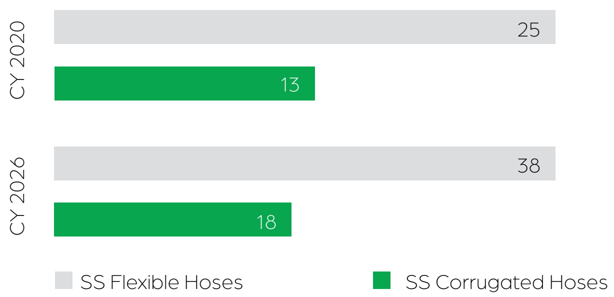
Globally, the market for SS flexible hose was estimated to value at approximately USD 25 billion in 2020 with the size of SS corrugated hose estimated at USD 12.5 billion which is slated to grow to USD 38 billion and USD 18 billion by 2027, registering a CAGR of 7.5% and 6.3%, respectively. Supported by favourable product attributes, the demand for SS flexible hoses is being driven by rapid urbanisation which has accelerated the pace of the infrastructure developments and real estate construction that has triggered the demand of HVAC systems and translated in promising outlook for SS flexible hoses. Moreover, large scale industrialisation and modernisation in agriculture and key manufacturing sectors is fuelling the demand for SS corrugated hose (industrial hoses).

Industry sources suggest that the piping industry accounts for the largest market share amongst all end users while Asia Pacific accounted for the largest share of the global stainless steel flexible hose market followed by North America. In coming years too, driven by healthy economic growth in China and India, Asia Pacific is expected to grow at the highest CAGR.

Rising infrastructure spending and focussed government initiative to curb carbon emission and push clean energy is expected to drive the growth of flexible flow solutions made with SS corrugation from many key end user industries such as electric automobile, renewable water heating application and other energy efficient electrical appliances. While progress on factory automation for operational optimisation and cost control in the manufacturing sector is believed to have a positive impact on flexible flow solutions made with SS corrugation too.

Global Market Size of SS Flexible Hoses and SS Corrugated Hoses

(In USD Bn)



Source - https://www.aeroflexindia.com/wp-content/uploads/Industry-Analysis-Dun-Bradstreet.pdf

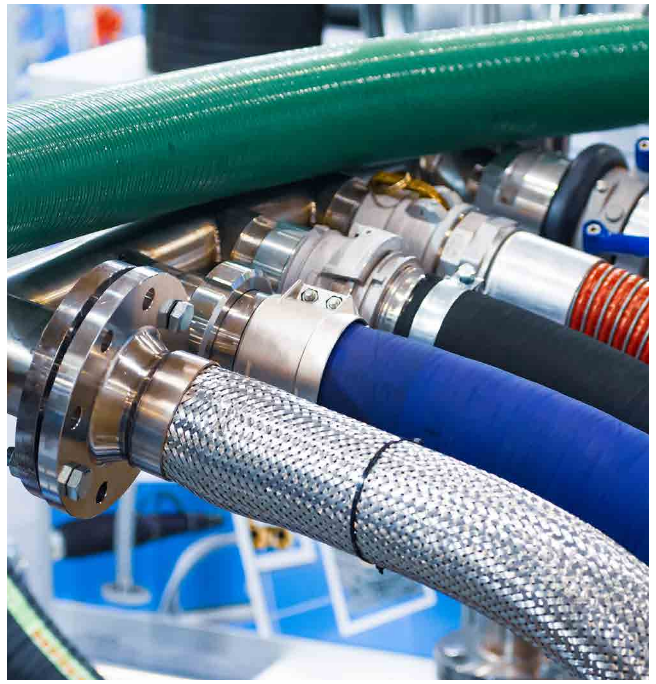
Indian stainless steel flexible hose market

Traditionally, the demand for flexible flow solutions made with stainless steel corrugation was largely driven by the industrial sector - manufacturing plants and manufacturing products from chemicals to paper. HVAC applications too were a major consumer, although the scale of business generated by this segment was lower compared to its industrial counterpart. The steady growth in industrial activity amidst some disruption along with the slow but steady transition from rubber/PTFE/polymer flexible hoses have resulted in a favourable demand landscape for flexible flow solutions made with SS corrugation manufacturers.

With flexible flow solutions made with SS corrugation application being universal, this large base is believed to have supported a strong demand for the product. The transition from traditional flexible hoses too has accelerated the demand growth.

Given the increasing preference for flexible flow solutions made with SS corrugation in place of rubber/PTFE/polymer hoses, the demand for the former from the industrial sector would be stable. This development would help in creating a stable user base for flexible flow solutions made with SS corrugation, thus ensuring there is always a steady demand for the product.

However, the coming years would witness demand from sectors which are either at its infancy or yet to establish itself in India. The emergence of these new user segments would help immensely expand the addressable market for the product. Notable sectors which would create new demand include renewables (primarily solar heating), Lithium-Ion battery applications (EV as well as other battery applications), semiconductor manufacturing, and robotics.



Key growth drivers

Given the increasing preference for flexible flow solutions made with stainless steel corrugation in place of rubber/PTFE/polymer hoses and the application being universal, the demand for the former from the industrial sector would continue. The major growth drivers being:

- Large scale industrialisation
- Increasing demand of HVAC system
- Modernisation in agriculture
- Government initiatives to curb carbon emission
- Progress on industrial automation for operational optimisation and cost control in the manufacturing sector
- Demand from new edge industries like renewables, EVs, aerospace, satellite, solar and robotics
- Stainless steel flexible flow solutions offer 2x-5x emission savings compared to synthetic rubber-based solutions across the production lifecycle.

Demand from Traditional Consumer Segments

Demand for Flexible Flow Solutions made with SS Corrugation is intricately linked to traditional user segments such as manufacturing plants in chemicals, petrochemicals, pharmaceuticals, food & beverage, steel manufacturing, pulp & paper, power plants and oil & gas exploration. Additionally, its usage in residential and commercial sectors, notably in HVAC systems, further contributes to demand dynamics. The robustness of these industries and their investment plans significantly influence the demand scenario for Flexible Flow Solutions.

The demand for our flexible flow solutions is driven by a diverse range of industries, each contributing to our sustained growth and market presence:

Oil & Gas Sector: Despite fluctuations in project announcements influenced by economic conditions and pandemic-related disruptions, the oil & gas sector remains a crucial end user of Flexible Flow Solutions. The sector's ongoing projects and investments, particularly in exploration & production, continue to sustain demand for stainless steel components.

Steel Manufacturing Sector: With India emerging as a major player in steel production, the expansion of steel manufacturing capacity has historically driven demand for Flexible Flow Solutions. However, projected slowdowns in capacity additions may affect demand growth from this sector in the near term.

Chemical & Petrochemical Sector: The diverse chemical industry, buoyed by increasing industrial activity, drives significant demand for Flexible Flow Solutions. Investments in this sector, particularly in specialty chemicals, contribute to the sustained demand for stainless steel components.

HVAC Systems: The growing adoption of HVAC systems in commercial and residential sectors presents a promising avenue for demand growth. As infrastructure development and urbanisation continue, the demand for HVAC solutions, and consequently, Flexible Flow Solutions, is expected to rise.

Renewable Energy & Natural Gas Infrastructure: The integration of Flexible Flow Solutions in renewable energy applications, such as solar water heating systems and the expansion of natural gas infrastructure, particularly in city gas distribution networks, offer additional avenues for demand expansion.

Demand from Government Schemes

In recent years, the Indian government has introduced several schemes aimed at enhancing domestic manufacturing capacity, notably the Atma Nirbhar Bharat package and the Production Linked Incentives (PLI) Scheme.

Atmanirbhar Bharat Packages:

The Atmanirbhar Bharat packages, introduced as a response to the economic disruptions caused by the Covid-19 pandemic, have played a significant role in stimulating domestic manufacturing. These packages, totaling ₹29.87 trillion, included measures such as disallowing global tenders in government procurement tenders up to ₹2 billion, thereby boosting demand for domestically manufactured products.

Production Linked Incentives (PLI) Scheme:

Under the PLI Scheme, the government has allocated ₹1.97 trillion over the next 5 years across 13 sectors including electronics, automobiles, pharma and specialty steel. This initiative aims to nurture manufacturing global champions, integrate domestic companies into global supply chains, foster innovation and technology and create employment opportunities.

National Manufacturing Policy and Make in India:

The National Manufacturing Policy and Make in India initiatives further support the government's objective of increasing the manufacturing sector's contribution to the national GDP. These policies are expected to benefit segments such as process control equipment manufacturing by encouraging private investment and promoting best-in-class manufacturing practices.

Industry 4.0:

The government's emphasis on "Industry 4.0," aimed at promoting automation and efficiency in manufacturing is anticipated to drive demand for process control equipment and systems. This strategic focus on modernising manufacturing practices aligns with the broader goal of transforming India into a global manufacturing hub.

Impact on Flexible Flow Solutions Industry:

These government schemes, aimed at stimulating manufacturing infrastructure and attracting private investment, are crucial in positioning India as a major manufacturing hub. The expansion of manufacturing capacity, both through existing plant enhancements and the establishment of new facilities, presents significant demand opportunities for the Flexible Flow Solutions made with Stainless Steel Corrugation industry, given its versatile applications across various sectors.

Demand From Emerging Customer Segments:

Lithium-Ion Battery Applications:

Flexible Flow Solutions made with Stainless Steel Corrugation are integral components in the indirect cooling of lithium-ion batteries, making them essential for battery management systems and packs used in both stationary and non-stationary applications.

Electric Mobility in India:

The Indian government's initiative to promote electric mobility through programs like FAME aims for significant EV penetration by 2030, particularly in two-wheelers and four-wheelers. The surge in electric vehicle sales, coupled with domestic manufacturing advancements, creates a new market for components like lithium-ion battery packs and battery management systems, thus driving the demand for Flexible Flow Solutions.

Stationary Applications:

Lithium-ion batteries are extensively used in Battery Energy Storage Systems (BESS) for renewable energy systems, primarily solar and wind power. India's rapid expansion of solar power generation capacity, driven by sustainability goals and climate change accords, has led to a surge in BESS deployment. This increased deployment of BESS has created a new market segment for Flexible Flow Solutions, as they are essential for cooling lithium-ion battery cells used in BESS applications.

Company Overview

Established in 1993, Aeroflex Industries Limited has emerged as a leader in manufacturing and supplying environment-friendly metallic flexible flow solution products for global and domestic markets. Since becoming a part of Sat Industries Limited, a listed company on both BSE and NSE, in 2018, Aeroflex has continued to expand its market presence and product offerings. With exports reaching over 88 countries, their products play a crucial role in facilitating the controlled flow of gas, liquid, and solid substances across various industries.

Aeroflex Industries specialises in metallic flexible flow solutions made from stainless steel, expanding into various other products. These solutions serve as essential conduits, efficiently transferring substances within industrial and commercial settings, from fire sprinklers to hydraulic systems in aircraft, ensuring precision and reliability in flow management.

Their state-of-the-art facility in Taloja, Navi Mumbai, serves as the hub of production, where stainless steel coil is transformed into high-quality flexible hose assemblies. Operating under ISO 9001-2015 certification from TUV NORD Germany, Aeroflex Industries maintains rigorous quality control measures to ensure that each product meets and exceeds customer expectations.

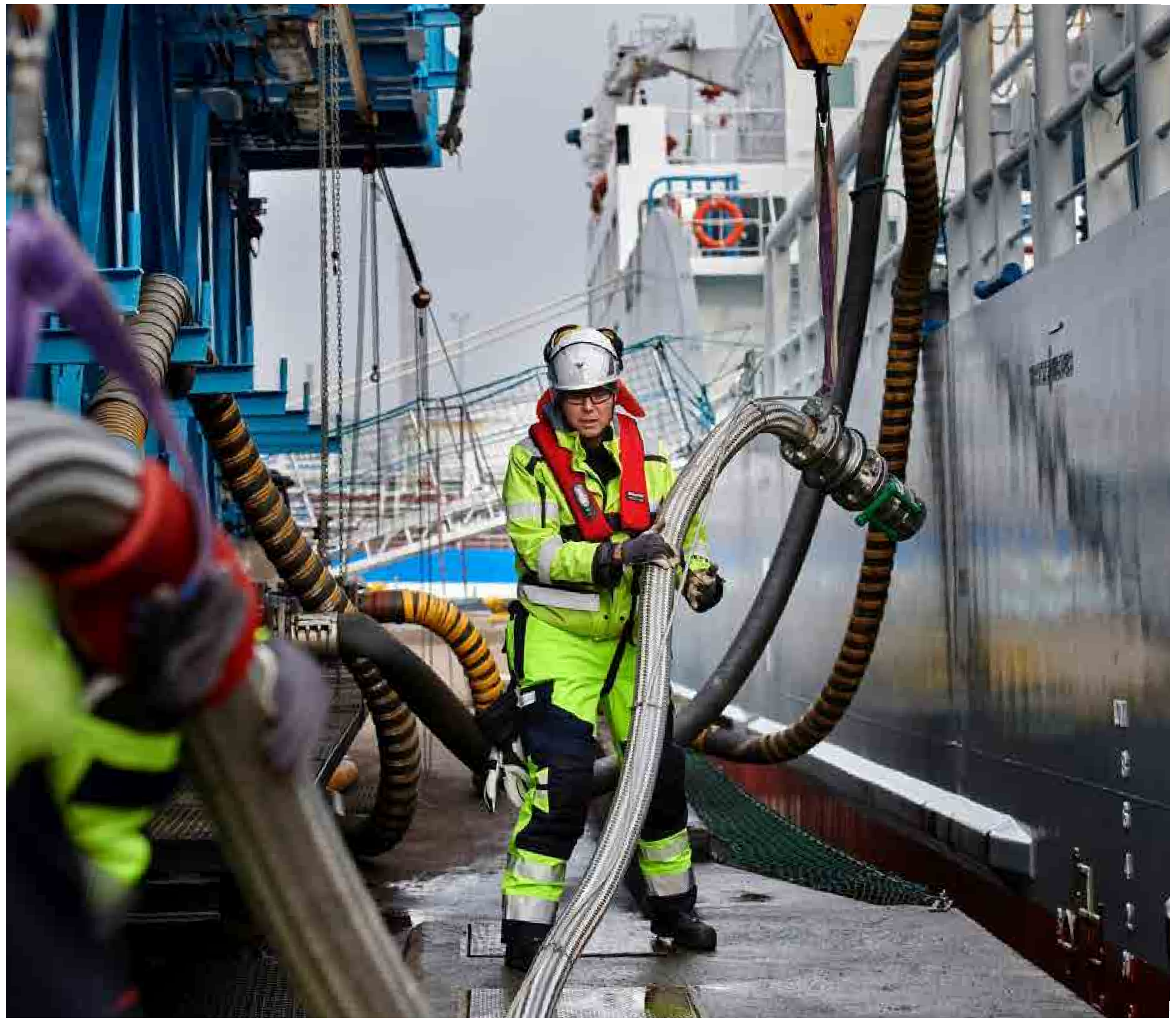
FY24 Performance Discussion

FY24 has been a period of robust growth and resilience for Aeroflex. Despite the challenging global economic environment, we have successfully navigated through uncertainties and delivered strong financial performance. Our revenue from operations for the year stood at ₹321.75 Crores, reflecting an 19% growth over the previous year. Our EBITDA reached ₹65.65 Crores, marking a 24% increase, with EBITDA margins standing at 20.40%. The profit after tax for the year was ₹41.73 Crores, a robust 38.41% growth year-on-year.

Our production volume surged to 11.8 million metres, an increase of 32.18% compared to the previous year, with a capacity utilisation rate of 87.9%. This growth was driven by sustained demand across both traditional and emerging industries, including aerospace, oil and gas, and new-age sectors such as fire fighting solutions, solar, robotics, and electric vehicles. Exports continued to be a significant contributor, accounting for 84% of our total revenue, primarily driven by the North and South American and European regions.

Financial Ratios

Sr.	Particulars of Ratio	Details of Numerator/Denominator	Ratio as March 31,2024	Ratio as March 31,2023	% Variance	Comments
1	Current Ratio	Current Assets/ Current Liabilities	3.46	1.96	76.53%	Significant increase in cash and cash equivalents due to funds raised from IPO
2	Debt-Equity Ratio	Total Debt/Total Equity	0.0004	0.39	-99.89%	Repayment of borrowings basis object of the IPO
3	Debt Service Coverage Ratio	EBITDA/ Interest + Current Debt	1.08	2.38	-54.62%	Foreclosure of borrowings basis object of the IPO
4	Return on Equity Ratio	PAT/ Shareholder's Equity*100	20.49%	30.08%	-31.88%	There is an increase in net profit. However there is significant increase in average shareholders' equity due to funds raised via IPO
5	Inventory Turnover Ratio	Sales/Average Inventory	5.53	5.87	-5.79%	-
6	Trade Receivables Turnover Ratio	Net Credit Sales/ Average Accounts Receivable	3.93	4.51	-12.86%	-
7	Trade Payables Turnover Ratio	Net Credit Purchases/ Average Accounts Payable	4.47	5.39	-17.07%	-
8	Net Capital Turnover Ratio	Income from Operations/ Average Working Capital	2.82	4.17	-32.37%	There is an increase in operating profits. However there is significant increase in average working capital due to increase in funds raised from IPO
9	Net Profit Ratio	(PAT /Total Income)*100	12.98%	11.19%	16.00%	-
10	Return on Capital Employed	{EBIT/ Average of (Total Equity + Long Term Debt)}*100	31.33%	36.99%	-15.30%	-



Outlook

Looking ahead, Aeroflex is poised for a promising future, driven by our strategic focus on expanding our product portfolio, enhancing our global presence, and leveraging advanced manufacturing capabilities. We are committed to capitalising on emerging opportunities across diverse industrial segments, including aerospace, oil and gas, solar, robotics, semiconductors and electric vehicles. Our ongoing investments in digitisation and Industry 4.0 initiatives are set to drive operational efficiencies, ensuring we remain at the forefront of innovation and excellence.

Our strategic capital expenditure plans, including the expansion of our production capacity to 16.5 million metres per annum and the addition of new lines in composite hoses and metal bellows, are designed to meet growing market demands and enhance our value proposition. We are also focused on scaling up our in-house Design and R&D efforts to develop complex and advanced flow solutions, providing upfront design services to our customers and optimising operating margins.

With a strong balance sheet, zero debt, and a dedicated workforce, we are well-positioned to deliver sustainable growth and create value for all our stakeholders. We remain confident in our ability to navigate the dynamic market landscape and achieve our strategic goals in the years ahead.

Internal Control and Adequacy

We've instituted a rigorous internal control framework aimed at safeguarding all assets from unauthorised use or disposal, guaranteeing proper authorisation, documentation, and reporting of transactions. Additionally, we've introduced mechanisms to maximise resource utilisation, improve operational efficiency, monitor activities, and ensure adherence to pertinent regulations. Our implementation of the SAP and ERP system further enhances these controls by providing real-time data and streamlined processes. Auditors have validated the sufficiency and efficacy of our internal control systems.

Human Resource Development and Industrial Relations

We are committed to cultivating the expertise, skills, and knowledge of our workforce. By implementing dynamic personnel policies, we aim to attract top talent, facilitate smooth integration, and foster ongoing skill enhancement. Our extensive training programmes, both internal and external, provide our employees with the necessary tools to excel in their respective roles.

Our dedication to our employees extends to their well-being and safety. We uphold rigorous environmental, health, quality, and safety standards to ensure compliance with regulatory requirements. Through our dedicated Environment, Health, and Safety (EHS) function, we administer initiatives aimed at mitigating risks, preventing accidents, and cultivating a safety-oriented culture.

As of March 31, 2024, our company employs 480+ employees at the consolidated level, including our subsidiary.

Risks, Concerns & Risk Mitigation

Our company faces various risks in its business operations. Efforts are made to mitigate the potential impact of financial market unpredictability on its financial performance.

Safety risk
Our manufacturing facility is subject to stringent safety laws and regulations. Failure to comply with these requirements may disrupt business continuity and damage our reputation. We mitigate this risk through regular safety audits, employee training, and proactive maintenance of equipment.

Regulatory risk
Our operations are governed by numerous statutes covering environmental laws, climate change regulations, trade measures, competition laws, taxes, and others. Non-compliance could adversely affect our operational performance and reputation. The evolving regulatory landscape, with changes to existing provisions and the introduction of new ones, necessitates comprehensive compliance efforts. We maintain a robust compliance program to monitor and adapt to regulatory changes.

Supply chain risk
Our supply chain network is susceptible to physical and environmental damage, trade restrictions due to geopolitical tensions, and supply disruptions. Dependence on infrastructure development and outsourced partners increases the risk of operational disruptions. This year, the Red Sea challenge highlighted the vulnerability of our supply chain to geopolitical tensions. To mitigate these risks, we diversify our supplier base, maintain strategic stockpiles, and engage in scenario planning to ensure supply chain resilience.

Currency risk
Given that a significant portion of our sales comes from exports, we are exposed to currency risks due to fluctuations in foreign exchange rates. These fluctuations can impact our revenue and profitability when converting foreign currency earnings back to our base currency. By maintaining a balanced portfolio of export markets, we reduce our exposure to any single currency, thereby spreading the risk.

Commodity fluctuation risk
Our company's performance is closely tied to the stainless steel industry. Changes in demand-supply dynamics within the sector, both domestically and internationally, could impact our performance. We mitigate this risk by diversifying our product offerings and maintaining flexible sourcing strategies to adapt to market changes.

Cautionary Statement

We wish to emphasise that this report contains forward-looking statements regarding anticipated future events, financial outcomes and operational milestones of Aeroflex Industries Limited. These statements inherently rely on assumptions and are subject to various risks and uncertainties. There is a significant risk that these assumptions, predictions, and other forward-looking statements may not accurately reflect future outcomes.

We advise readers to exercise caution and refrain from placing undue reliance on forward-looking statements, as several factors could lead to disparities between assumptions and actual future results and events. Therefore, this document is subject to the disclaimer and is qualified in its entirety by the assumptions, qualifications, and risk factors outlined in Aeroflex's Annual Report for FY24, as discussed in the Management Discussion and Analysis

Board Report

To the Members of
Aeroflex Industries Limited,

Your Directors have immense pleasure in presenting the 30th (Thirtieth) Annual Report on the business and operations of the Company together with the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2024.

1. FINANCIAL HIGHLIGHTS

Your Company's performance during the financial year as compared to the previous financial year is summarized as below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2023-24	2022-2023	2023-2024	2022-2023
Sales and other income	32,168.72	26,941.78	32,175.05	26,950.00
Profit before tax, depreciation, exceptional items and interest	6,566.83	5,295.94	6,565.08	5,295.55
Interest	213.86	343.39	213.86	343.39
Depreciation	626.19	521.93	626.19	521.93
Profit before tax and exceptional items	5,726.78	4,430.62	5,725.03	4,430.23
Less: Exceptional items	-	307.71	-	307.71
Less: Provisions for tax				
Current tax	1,415.70	1,018.50	1,415.70	1,018.50
Deferred tax (assets)/liability	43.93	22.21	43.93	22.21
Taxation of Earlier Year	91.99	66.59	92.00	66.59
Profit after tax	**4,175.15**	**3,015.60**	**4,173.40**	**3,015.21**
Earnings per equity share	**3.39**	**2.64**	**3.39**	**2.64**

2. STATE OF COMPANY'S AFFAIRS

Your Company is engaged in the business of manufacturing Stainless-Steel Corrugated Flexible Hoses and Hose assemblies.

During the financial year, the Company recorded revenue from operations of ₹ 31,784.40 Lakhs (previous financial year ₹ 26,937.88 Lakhs) and earned a net profit of ₹ 4,175.15 Lakhs (previous year ₹ 3,015.60 Lakhs) on Standalone basis.

The Company has earned consolidated revenue of ₹ 31,790.73 Lakhs (previous year ₹ 26,946.10 Lakhs) and consolidated net profit of ₹ 4,173.40 Lakhs (previous year ₹ 3,015.21 Lakhs), during the financial year under review.

The Company's strong product portfolio along with superior consumer insights and a strategy of continuous innovation and value creation has, once again, helped in delivery of superior competitive performance during the financial year, notwithstanding the extremely challenging operating environment. It is a matter of deep satisfaction that the Company consolidated its leadership position in the industry during the financial year and continues to improve its standing in key competitive markets across the country.

3. DIVIDEND

Your Directors have pleasure in recommending payment of final dividend ₹ 0.25/- (Twenty-five paisa Only) being 12.5% per share on Equity Share of ₹ 2/- for the financial year ended March 31, 2024. This will absorb total cash outflow of ₹ 3,23,30,093/-. The final dividend, if approved by shareholders in the ensuing Annual General meeting, will be paid to those members whose names shall appear on the Register of Members/List of Beneficiaries.

The Board of Directors of the Company has approved a Dividend Distribution Policy in line with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This has been uploaded on the Company's website at https://www.aeroflexindia.com/wp-content/uploads/Dividend-Distribution-Policy.pdf.

4. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statement relates and the date of report except:

The Company on April 04, 2024 acquired 2,924 (Two Thousand Nine Hundred and Twenty Four) equity shares equivalent to 100% of the issued and paid-up share capital of Hyd-Air Engineering Private Limited.

Consequently, Hyd-Air Engineering Private Limited has now become Wholly owned Subsidiary of the Company.

5. CHANGES IN THE NATURE OF BUSINESS

During the year under review there is no change in the business of the Company.

6. INITIAL PUBLIC OFFER AND LISTING

During the year under review, the Company successfully completed its Initial Public Offer (IPO) of 3,25,00,000 equity shares of face value of ₹ 2/- each for cash at a price of ₹ 108/- per equity share (including share premium of ₹ 106/- per equity share) aggregating to ₹ 3,51,00,00,000 ("the offer"), comprising of an offer for sale of 1,75,00,000 equity shares aggregating to ₹ 1,89,00,00,000/- by SAT Industries Limited ("Promoter Selling Shareholder")

The offer was open to the public from August 22, 2023 and closed on August 24, 2023 and received overwhelming response, was over-subscribed by 97.11 times. The Anchor Investors Bid/Offer period was one Working Day prior to the Bid/Offer Opening Date. The allotment for Aeroflex Industries IPO was finalized on August 29, 2023. The equity shares of the Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") effective from **August 31, 2023.**

Link Intime India Private Limited (LIIPL) is the Registrar and Share Transfer Agent of the Company.

Description of Securities	No. of Securities	BSE Limited (Scrip Code)	National Stock Exchange of India Limited (Symbol)
Equity shares of ₹ 2/- each fully paid up	12,93,20,370	543972	AEROFLEX

The annual listing fees for the financial year 2023-24 have been paid to the Stock Exchanges.

7. TRANSFER TO RESERVE

During the year no amount was transferred to any Reserves.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Act, read along with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure-A**.

9. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') are annexed to this report as **Annexure-B**.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Rules, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of this report. Further, the report and the annual accounts are being sent to the Members excluding the aforesaid statement. In terms of Section 136 of the Act, the said statement will be open for inspection upon request by the Members. Any Member interested in obtaining such particulars may write to the Company Secretary and Compliance officer at corporate@aeroflexindia.com.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance system established and maintained by the Company, work performed by the internal, statutory, cost, and secretarial auditors and external agencies including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2023-24.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability confirms that:

i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to the material departures;

ii) they have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

iii) they have taken proper and sufficient care for the maintenance of adequate accounting records, and the adequate steps have been taken to make it afresh, in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) they have prepared the annual accounts on a going concern basis;

v) they have had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on March 31, 2024, the Board comprised of 7 (Seven) Directors including 4(Four) Independent Directors. The Board has an appropriate mix of Executive, Non-Executive and Independent Directors, which is in compliance with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is also aligned with the best practices of Corporate Governance.

I. Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014 and Articles of Association of the Company, Mr. Mustafa Abid Kachwala (DIN: 03124453) Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment and your Board recommends his re-appointment.

II. Appointment and Re-appointment

During the year under review, Mr. Mustafa Abid Kachwala (DIN: 03124453) was re-appointed as the Whole-Time Director of the Company for a period of 3 years w.e.f April 01, 2023. The appointment was approved by Members at their Extra Ordinary General Meeting held on February 15, 2023.

Ms. Shilpa Bhatia (DIN: 08695595) was re-appointed as a Women Independent Director of the Company to hold office for a second term of five consecutive years commencing from July 08, 2023 upto the date of 34th Annual General Meeting to be held in the year 2028. Aforesaid appointment was approved by the Members at the 29th AGM held on July 08, 2023.

Moreover, the first term of Mr. Ramesh Chandra Soni as Independent Director of the Company expires on October 14, 2024.The Board placed on record its appreciation for the valuable services rendered by Mr. Ramesh Chandra Soni with his association as an independent director of the Company and proposes to re-appoint him as an Independent Director for the second term of 5 (five) consecutive years commencing from October 15, 2024 to October 14, 2029 subject to approval of the shareholders.

Brief details of directors proposed to be reappointed/ remuneration to be approved as stipulated under Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 (SS-2) issued by the Institute of Company Secretaries of India (ICSI), are provided in Notice of Annual General Meeting of the Company.

III. Cessation

During the year under review, there has been no cessation or resignation of any Director.

IV. Key Managerial Personnel ("KMP")

During the financial year ended March 31, 2024, the following persons were acting as Key Managerial Personnel of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013:

Sr. No.	Name of the KMP	Designation
1.	Mr. Asad Daud	Managing Director
2.	Mr. Mustafa Abid Kachwala	Whole-Time Director & Chief Financial Officer
3.	Ms. Kinjal Shah	Company Secretary & Compliance officer

V. Declaration from Independent Directors

All Independent Directors of the Company have given declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are persons of high integrity and repute. They fulfill the conditions specified in the Act as well as the Rules made thereunder and are independent of the management.

The Company had sought a certificate from the M/s. S.K. Jain & Co, Secretarial Auditor of the Company confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed and/or continuing as Directors by the SEBI/MCA or any other such statutory authority.

VI. Annual performance evaluation by the Board

The annual evaluation process of the Board of Directors, individual Directors and Committees was conducted in accordance with the provision of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board evaluated its performance after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The Board and the NRC reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee Meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors and the Board as a whole was evaluated. Additionally, they also evaluated the Chairman of the Board, taking into account the views of Executive and Non-Executive Directors in the aforesaid Meeting. The Board also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The above evaluations were then discussed in the Board Meeting and performance evaluation of Independent directors was done by the entire Board, excluding the Independent Director being evaluated.

VII. Familiarization Programme for Independent Directors

The Company has adopted a framework, duly approved by the Board of Directors for Familiarization Programmes for Independent Directors. The objective of the framework is to ensure that the Independent Directors have a greater insight into the business of the Company, enabling them to contribute more effectively to decision making.

During the year under review, the Company has conducted a Familiarization Programme for Independent Directors.

The details of Familiarization Programme have been uploaded on the website of the Company at www.aeroflexindia.com.

12. SUBSIDIARY & ASSOCIATE COMPANIES

Subsidiary Company:

Aeroflex Industries Limited, **U.K** is a wholly owned subsidiary of the Company.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of Aeroflex Industries Limited, U.K. in Form AOC-1, is annexed as **Annexure-C**.

Moreover, after the end of the financial year under review till the date of this report, the Company acquired 100% equity shares of Hyd-Air Engineering Private Limited vide Share Purchase Agreement dated April 02, 2024, consequent to this, Hyd-Air Engineering Private Limited has become a wholly owned subsidiary of the Company.

Holding Company:

Your Company is a subsidiary of SAT Industries Limited with a holding of 61.23%.

Joint Ventures and Associates:

The Company had no Joint Venture or Associate Company during the financial year under review.

13. CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements required pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 6 of the Companies (Accounts) Rule, 2014 have been prepared in accordance with the relevant accounting standards as per the Companies (Indian Accounting Standard) Rules, 2015. The audited consolidated financial statement is provided along with the Standalone Financial Statement.

14. DEPOSITS

The Company has not accepted any Deposit within the meaning of Section 73 of the Companies Act, 2013 and rules made there under. As such, no amount of principal or interest was outstanding as of the Balance Sheet date, nor is there any deposit in non-compliance of Chapter V of the Companies Act, 2013.

15. MEETINGS OF THE BOARD

Seven meetings of the Board of Directors were held during the year. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report forming part of the Annual Report.

16. INDEPENDENT DIRECTORS MEETING

During the year under review a separate meeting of the Independent Directors of the Company was held on March 12, 2024, without the presence of other Directors and members of Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, performance of Chairperson of the Company and assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loan or guarantee or provided any security during the year under review. Particulars of investments made are provided in the Standalone Financial Statement. Members may refer to Note 5 to the Standalone Financial Statement.

18. PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties entered into during the financial year were in ordinary course of business and on arm's length basis. No Material Related Party Transactions were entered into during the financial year under review by the Company. Accordingly, the disclosure on Related Party Transactions, as required under Section 134(3) of the Companies Act, 2013, in Form AOC-2 is not applicable.

The Company has formulated a policy on dealing with Related Party Transactions. The same is available on the Company's website at https://www.aeroflexindia.com/wp-content/uploads/Policy-on-Related-Party-Transaction.pdf.

The details of all the transactions with Related Parties are provided in the accompanying financial statements. Members may refer to Note 38 to the Standalone Financial Statement which sets out related party disclosures pursuant to Ind AS-24.

19. POLICY ON APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and on recommendation of the Nomination & Remuneration Committee, the Board of Directors have adopted a policy for selection and appointment of Directors, Key Managerial Personnel ('KMPs'), Senior Management Personnel ('SMPs') and their remuneration including criteria for determining qualifications, positive attributes, independence of a director and other related matters, the key features of which is as follows:

The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person proposed to be appointed as Director, KMP or Senior Managerial Personnel and recommend to the Board his/her appointment.

A person should possess adequate qualification, expertise and experience for the position for which appointment is considered. The Committee has discretion to decide whether qualification, expertise and experience possessed by the person is sufficient as per the requirement of the concerned position.

The Company shall not appoint or continue employment of any person as Managing Director, Whole-Time Director or Manager who has attained the age of seventy years provided that the term of person holding this position may be extended beyond the age of seventy years with the approval of the shareholders by passing a special resolution based on the justification stating reasons/ clarification for extension of appointment beyond seventy years. Additionally in compliance with Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Company shall not appoint or continue the appointment of a Non-Executive Director who has attained the age of seventy-five years, unless a special resolution is passed by the shareholders, to that effect, in which case the explanatory statement annexed to such motion shall indicate the justification appointing such person.

The Nomination and Remuneration Policy has been placed on the website of the Company viz. https://www.aeroflexindia.com/wp-content/uploads/Nomination-and-Remuneration-Policy.pdf.

20. CORPORATE SOCIAL RESPONSIBILITY

Pursuant of the provisions of Section 135 read with Companies (Corporate Social Responsibility) Rules, 2014, the Company has formed Corporate Social Responsibility committee and Corporate Social Responsibility (CSR) Policy.

The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company along with the initiative taken by it are set out in **Annexure-D** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company, https://www.aeroflexindia.com/wp-content/uploads/Policy-on-Corporate-Social-Responsibility.pdf

During the financial year under review, the Company was required to spend ₹ 57,46,929/- towards claiming CSR activity. The Company has made a contribution amounting to ₹ 57,50,000/- to SAT FOUNDATION (formerly known as TAHA Charitable Trust) (CSR Registration No: CSR00011731) Udaipur, Rajasthan which is permissible CSR activity.

As on the year ended March 31, 2024, the composition of the CSR Committee is as follows:

Sr. No.	Name of the Committee Members	Designation
1.	Mr. Asad Daud	Chairperson
2.	Mr. Ramesh Chandra Soni	Member
3.	Mr. Mustafa Abid Kachwala	Member
4.	Mr. Arpit Khandelwal	Member

21. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review there has been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

22. COPY OF ANNUAL RETURN

As required under Section 92(3) read with the Section 134(3)(a) of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, the copy of Annual Return in Form MGT-7 as on March 31, 2024 will be placed on the website of the Company and can be accessed at www.aeroflexindia.com.

23. STATUTORY AUDITORS

In line with the requirements of the Companies Act 2013, at the 27th Annual General Meeting M/s. Shweta Jain & Co., Chartered Accountants (FRN: 127673W) were appointed as the Statutory Auditors of the Company to hold the office for a period of 5 consecutive years., from the conclusion of 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company.

M/s. Shweta Jain & Co., Chartered Accountants have furnished written confirmation to the effect that they are not disqualified from acting as the Statutory Auditors of the Company in terms of the provisions of Sections 139 and 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Auditor's Reports on the Standalone and the Consolidated Financial Statements for the financial year ended March 31, 2024 do not contain any qualification, reservation or adverse remark requiring any explanations/ comments by the Board of Directors.

24. REMARKS ON QUALIFICATIONS BY STATUTORY AUDITORS AND SECRETARIAL AUDITORS

The Statutory Auditors and the Secretarial Auditors have not made any qualifications, observation or adverse remark in their Reports.

Further, none of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143(12) of the Act.

25. CORPORATE GOVERNANCE

Our corporate governance practices are a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times. Corporate governance is about maximizing shareholder value legally, ethically and sustainably.

The Company has taken adequate steps to adhere to all the stipulations laid down in Regulation 17 to 27 and 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance along with the certificate from Dr. S.K. Jain from M/s. S.K. Jain & Co., Practicing Company Secretaries confirming the compliance of Corporate Governance requirements is annexed as **Annexure-E** to the Board report.

Your Company has also been enlisted in the new SEBI compliant redressal system (SCORES) enabling the investors to register their complaints, if any, for speedy redressal.

26. COMPOSITION OF AUDIT COMMITTEE

As on March 31, 2024, the Audit Committee comprised of Mr. Ramesh Chandra Soni, Mr. Arpit Khandelwal, Independent Directors and Mr. Asad Daud, Managing Director of the Company.

Mr. Ramesh Chandra Soni is the Chairman of Audit Committee of the Company. The Company Secretary and Compliance Officer of the Company acts as Secretary of the Audit Committee. All the recommendations made by the Audit Committee were accepted by the Board of Directors of the Company. Other details with respect to Audit Committee are given in Report of Corporate Governance, forming part of this Report.

The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control and financial reporting process and vigil mechanism.

27. COMMITTEES OF THE BOARD

In accordance with the provisions of the Companies Act, 2013, the Company has constituted Five committees of the Board, namely:

1. Audit Committee;
2. Stakeholders' Relationship Committee;
3. Nomination and Remuneration Committee;
4. Corporate Social Responsibility Committee; and
5. *IPO Committee.

A detailed note on the composition of the Board and its committees, including its terms of reference, is provided in the Corporate Governance Report. The composition and terms of reference of all the Statutory Committee(s) of the Board of Directors of the Company is in line with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Pursuant to the completion of the IPO of the Company, and subsequent listing of its equity shares on National Stock Exchange of India Limited and BSE Limited with effect from August 31, 2023, the purpose of the constitution of the IPO Committee was fulfilled; accordingly, the Committee was subsequently dissolved by the Board.*

28. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's Discussion and Analysis Report is set out in this Annual Report.

29. SHARE CAPITAL

As on March 31, 2024, the Authorized Share Capital of the Company was ₹ 56,00,00,000 /- (Rupees Fifty Six Crores only) divided into 17,50,00,000 (Seventeen Crore Fifty Lakhs only) Equity Shares of ₹ 2/- each (Rupees Two only), 10,00,000 (Ten Lakhs) Series "A" Compulsorily Convertible Preference Shares of ₹ 10/- each (Rupees Ten only) and 10,00,000 (Ten Lakhs) Series "A" Compulsorily Convertible Preference Shares of ₹ 200/- each (Rupees Two Hundred only) respectively.

During the year under review, the Company raised capital by way of issue of 15,000,000 equity shares of face value ₹ 2/- each through initial public offer.

Upon the initial public offer, the issued, subscribed and paid-up equity share capital of your Company as on March 31, 2024, stands increased to ₹ 25,86,40,740/- divided into 12,93,20,370 Equity shares of ₹ 2/- each.

The Equity Shares issued during the year rank pari passu with the existing Equity Shares of your Company.

30. INTERNAL AUDITORS

Pursuant to the provisions of Section 138 of the Act read with Companies (Accounts) Rules, 2014, the Board, on recommendation of the Audit Committee, appointed M/s. D.M. Jain & Co., Chartered Accountants, Mumbai, as

Internal Auditors of the Company for the financial year 2023-24. The Internal Auditors monitor and evaluate the effectiveness and adequacy of internal control systems in the Company, its compliances with the operating systems, accounting procedure and polices at all locations of the Company and reports to the Audit Committee on the quarterly basis.

31. RISK MANAGEMENT

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is carried out to identify, evaluate, manage and monitor both business and non-business risks. The Board periodically reviews the risks and suggests the steps to be taken to control and mitigate the same through a properly defined framework.

The Policy is displayed on the website of the Company at https://www.aeroflexindia.com/wp-content/uploads/Risk-Management-Plan.pdf

32. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

33. NAME OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURE OR ASSOCIATE COMPANIES DURING THE YEAR

During the year under review none of the companies became or ceased to be subsidiaries, joint venture or associate companies of your Company.

34. COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Amendment Rules, 2014, appointment of cost auditor is not applicable to the Company.

35. COMPLIANCE WITH THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

It is stated that the Company has constituted Internal Complaints Committee and complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

36. VIGIL MECHANISM/WHITSLE BLOWER POLICY

The Company has adopted Vigil Mechanism/Whistle Blower Policy, which was approved and adopted by the Board of Directors of the Company as per the provisions of Section 177(9) and (10) of the Act, Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 9A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The said policy provides a formal mechanism for all Directors and employees of the Company to approach Chairperson of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud and violation of the Company's Code of Conduct and Business Ethics. Under the Policy, each Director/employee of the Company has an assured access to the Chairperson of the Audit Committee.

The Policy is displayed on the website of the Company at https://www.aeroflexindia.com/wp-content/uploads/Vigil-Mechanism-policy.pdf.

37. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. S.K. Jain & Co., Practicing Company Secretaries to undertake Secretarial Audit of the Company for the financial year 2023-24. The Secretarial Audit Report is appended as **Annexure-F** and forms part of this Report.

38. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and your directors confirm compliance of the same during the financial year under review.

39. VALUATION OF ASSETS

During the financial year under review, there was no instance of one-time settlement of loans/financial assistance taken from Banks or Financial Institutions, hence the Company was not required to carry out valuation of its assets for the said purpose.

40. AEROFLEX INDUSTRIES LIMITED – EMPLOYEE STOCK OPTION PLAN 2022 ("ESOP 2022")

The Company has approved the "**Aeroflex Industries Limited**-Employee Stock Option Plan 2022 ("ESOP 2022")" in its 28th Annual General Meeting held in the year 2022. Under this Plan no options are granted.

41. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

(a) Issue of equity shares with differential rights as to dividend, voting or otherwise;

(b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme;

(c) None of the Whole-Time Director or Managing Director of the Company received any remuneration or commission from any of its holding or subsidiary;

(d) No application was filed under the Insolvency and Bankruptcy Code, 2016.

42. ACKNOWLEDGEMENTS

The Board of Directors wish to place on record its deep sense of appreciation for the committed services by all the employees of the Company. The Board of Directors would also like to express their sincere appreciation for the assistance and co-operation received from the government and regulatory authorities, stock exchanges, depositories, banks, customers, vendors and members during the year under review.

For and on behalf of the Board of Directors of
AEROFLEX INDUSTRIES LIMITED

Asad Daud
Managing Director
DIN: 02491539

Mustafa Abid Kachwala
Whole-Time Director & CFO
DIN: 03124453

Place: Mumbai
Dated: June 03, 2024

Annexure-A

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

A. CONSERVATION OF ENERGY

Sr. No	Particulars	Details
(i)	The steps taken or impact on conservation of energy	The Company is taking every possible steps to conserve the energy wherever possible by stream lining the production process
(ii)	The steps taken by the Company for utilizing alternate sources of energy	The Company is exploring avenues for alternate sources of energy
(iii)	The capital investment in energy conservation equipment	Not Applicable

B. TECHNOLOGY ABSORPTION

Sr. No	Particulars	Details
(i)	The effort made toward technology absorption	The Company has endeavored to adapt and absorb any development in Technology for improvement in the Quality of its Products
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	The benefit derived by the Company through Technological upgradation are reflected in the increased volume of Turnover achieved by the Company during the year under review
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	Not Applicable
(iv)	The expenditure incurred on research and development	₹ 280.15 Lakhs

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

Particulars	FY 2023-2024	FY 2022-2023
Foreign Exchange Inflow	24,463.28	21,404.67
Value of Direct Imports (C.I.F. Value)	5,422.92	8,605.16
Foreign Exchange Outflow	154.30	195.64

For and on behalf of the Board of Directors of
AEROFLEX INDUSTRIES LIMITED

Asad Daud
Managing Director
DIN: 02491539

Mustafa Abid Kachwala
Whole-Time Director & CFO
DIN: 03124453

Place: Mumbai
Dated: June 03, 2024

Annexure-B

PARTICULARS OF REMUNERATION

Part A: Information pursuant to Section 197(12) of the Companies Act, 2013

[Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

i. Ratio of remuneration of each Director to the median remuneration of the employees for the financial year 2023-24:

Sr. No.	Name and Designation of the Director/Key Managerial Personnel (KMP)	Ratio of remuneration of each director to median remuneration of employees
1.	Mr. Asad Daud - Managing Director	25.5
2.	Mr. Mustafa Abid Kachwala - Whole-Time Director	3.1

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2023-24:

Sr. No.	Name and Designation/Key Managerial Personnel (KMP)	Percentage increase in remuneration
1.	Mr. Asad Daud - Managing Director	15%
2.	Mr. Mustafa Abid Kachwala - Whole-Time Director	9%
3.	Ms. Kinjal Kamlesh Shah - Company Secretary and Compliance Officer	57%

iii. The percentage increase in the median remuneration of employees during the Financial Year 2023-24: 9%

iv. The number of permanent employees on the rolls of the Company: 478

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase in remuneration of employees is 11.7% and managerial personnel is 15.7%

Justification: The increment given to each individual employee including managerial personnel is based on employees' performance and the Company's overall performance.

vi. We hereby confirm that the remuneration paid is as per the remuneration policy recommended by the Nomination and Remuneration Committee of the Company and adopted by the Company.

For and on behalf of the Board of Directors of
AEROFLEX INDUSTRIES LIMITED

Asad Daud
Managing Director
DIN: 02491539

Mustafa Abid Kachwala
Whole-Time Director & CFO
DIN: 03124453

Place: Mumbai
Dated: June 03, 2024

Annexure-C

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

PART A: SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	**Aeroflex Industries Limited – U.K.**
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	GBP Exchange Rate: 105.2935
4.	Share capital	19,27,708
5.	Reserves & surplus	(11,99,167)
6.	Total assets	30,16,253
7.	Total Liabilities	22,87,712
8.	Investments	-
9.	Turnover	6,32,907
10.	Profit before taxation	(1,75,692)
11.	Provision for taxation	-
12.	Deferred Tax	-
12.	Profit after taxation	(1,75,692)
13.	Proposed Dividend	-
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: **NA**
2. Names of subsidiaries which have been liquidated or sold during the year: **NA**

PART B: ASSOCIATES AND JOINT VENTURES

Not Applicable as the Company does not have any Associate and Joint Venture.

For and on behalf of the Board of Directors of
AEROFLEX INDUSTRIES LIMITED

Asad Daud
Managing Director
DIN: 02491539

Mustafa Abid Kachwala
Whole-Time Director & CFO
DIN: 03124453

Place: Mumbai
Dated: June 03, 2024

Annexure-D

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year 2023-24

1. BRIEF OUTLINE OF CSR POLICY OF THE COMPANY

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:

- To ensure that the Company is committed to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- To take up programmes that benefit the communities in and around its work centres and over a period of time, results in enhancing the quality of life of the people in the area of its business operations.
- To generate a community goodwill for Company and help reinforce a positive and socially responsible image of the Company as a good corporate citizen of the Country.

2. COMPOSITION OF CSR COMMITTEE

Pursuant to the provisions of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, during the financial year, the CSR Committee of the Company was duly constituted in accordance with the provisions of Section 135 of Companies Act, 2013 and during such period the CSR Committee comprised of:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Asad Daud	Chairman, Managing Director	1	1
2.	Mr. Ramesh Chandra Soni	Member, Independent Director	1	1
3.	Mr. Mustafa Abid Kachwala	Member, Whole-Time Director	1	1
4.	Mr. Arpit Khandelwal	Member, Independent Director	1	1

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board on the website of the Company: www.aeroflexindia.com

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable): **Not Applicable**.

5. a. Average net profit of the Company as per Section 135(5): ₹ **28,73,46,457.33/-**

b. Two percent of average net profit of the Company as per Section 135(5): ₹ **57,46,929/-**

c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**

d. Amount required to be set off for the financial year, if any: **NIL**

e. Total CSR obligation for the financial year (b+c-d): ₹ **57,46,929/-**

6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)

b. Amount spent in Administrative overheads: **NIL**

c. Amount spent on Impact Assessment, if applicable: **NIL**

d. Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ **57,50,000/-**

e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
57,50,000/-	NIL	NA	NA	NIL	NA

(f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (in ₹)
1.	Two percent of average net profit of the Company as per Section 135(5)	₹ 57,46,929/-
2.	Total amount spent for the Financial Year	₹ 57,50,000/-
3.	Excess amount spent for the financial year [(ii)-(i)]	₹ 3,071/-
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹3,071/-

7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under of Section 135(6) (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2022-2023			NIL				
2	2021-2022							
3	2020-2021	NIL	NIL	3,00,000/-	3,00,000/-	September 24, 2021	6,74,852/-	-

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR: YES/NO:

No

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUB-SECTION (5) OF SECTION 135:

Not Applicable

For and on behalf of the Board of Directors of
AEROFLEX INDUSTRIES LIMITED

Asad Daud
Managing Director & Chairperson
DIN: 02491539

Place: Mumbai
Dated: June 03, 2024

Annexure-E

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes in adopting the best practices of Corporate Governance, which forms the core values of your Company. These guiding principles are also articulated through the Company's Code of Business Conduct, Corporate Governance Policy, and the charter of various Committees. The Company's core values are designed and internalized to shape the culture and define the character of our organization. We are forever, committed to the cause and always act with integrity and in compliance with the law. The values that signify the Company's unwavering commitment to all its stakeholders.

The Company strives to ensure compliance with the various Corporate Governance requirements and practices and considers it as its inherent responsibility to protect the rights of Company's stakeholders and disclose timely, adequate and accurate information regarding the financials and performance, as well as the leadership and governance of the Company.

The Board of Directors of the Company acts as a trustee and assumes fiduciary responsibility of protecting the interests of the Company, its members and other stakeholders. The Board supports the principles of Corporate Governance. In order to attain the highest level of good Corporate Governance practice, the Board lays strong emphasis on transparency, accountability and integrity.

The Company confirms compliance with various provisions relating to Corporate Governance stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which are further elaborated in this Report.

The Company firmly believes in maintaining high standards of quality and ethical conduct in its operations.

2. BOARD OF DIRECTORS

a. Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on March 31, 2024, the Board comprised of total Seven directors. Out of these, two directors are Executive Directors, one is Non-Executive Non-Independent Director and four are Non-Executive Independent Directors (including one Independent Woman Director).

During the financial year under review, Mr. Mustafa Abid Kachwala (DIN: 03124453) was re-appointed as the Whole-Time Director of the Company for a period of 3 years w.e.f April 01, 2023. The appointment was approved by Members at their Extra Ordinary General Meeting held on February 15, 2023.

The members of the Company in their 29th Annual General Meeting held on July 08, 2023, re-appointed Ms. Shilpa Bhatia (DIN: 08695595) as Independent Women Director of the Company for a second term of 5 (Five) years w.e.f. July 08, 2023 up to 34th Annual General Meeting to be held in the year 2028.

None of the Independent Directors have any material pecuniary relationship or transaction with the Company, its Promoters, Directors, Senior Management, which would affect their independence.

Further, none of the directors on the Board is a member of more than 10 Committees and Chairperson in more than 5 Committees, across all companies in which they are director.

b. Attendance at Meetings

Sr. No.	Name of the Director	No. of meetings held	No. of meetings attended	Whether attended last AGM
1.	Mr Asad Daud	7	7	Yes
2.	Mr. Mustafa Abid Kachwala	7	7	Yes
3.	Mr. Harikant Turgalia	7	6	Yes
4.	Mr. Ramesh Chandra Soni	7	7	Yes
5.	Mr. Parthasarathi Sarkar	7	7	Yes
6.	Mr. Arpit Khandelwal	7	5	Yes
7.	Ms. Shilpa Bhatia	7	7	Yes

c. Number of Committees in which a Director is a Member or Chairperson

Sr. No.	Name of the Director	Directorships in Other Public Companies *	Memberships of Committees of Other Boards*	Chairmanships of Committees of Other Boards**	Names of the other listed entities where the person is a director and the category of directorship
1.	Mr. Asad Daud	2	1	-	i) Sah Polymers Limited- Non-Executive Director ii) SAT Industries Limited- Non-Executive Director
2.	Mr. Mustafa Abid Kachwala	-	-	-	-
3.	Mr. Harikant Turgalia	1	2	-	i) SAT Industries Limited- Whole-Time Director & CFO
4.	Mr. Ramesh Chandra Soni	2	-	4	i) Sah Polymers Limited- Non-Executive Independent Director ii) SAT Industries Limited- Non-Executive Independent Director
5.	Mr. Parthasarathi Sarkar	1	-	-	i) SAT Industries Limited- Non-Executive Independent Director
6.	Mr. Arpit Khandelwal	1	1	-	i) SAT Industries Limited- Non-Executive Independent Director
7.	Ms. Shilpa Bhatia	1	2	-	i) Bliss GVS Pharma Limited - Non-Executive Independent Director

Note: * The directorship and number of Committee positions held by directors as mentioned above does not include directorships and committee positions in private companies/high value debt listed entities/companies incorporated under Section 8 of the Act/foreign companies as on March 31, 2024.

** Membership/Chairmanship of only the Audit Committee and Stakeholders' Relationship Committee of all public companies/subsidiary of public companies, as provided under Regulation 26(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 have been considered.

d. Meetings of the Board of Directors

The Board of Directors met Seven times during the Financial Year 2023-24, i.e. on May 15, 2023, June 15, 2023, July 12, 2023, August 04, 2023, August 11, 2023, November 03, 2023 and January 25, 2024. The maximum time gap between any two meetings was less than 120 days. The agenda for each meeting is prepared well in advance, along with explanatory notes wherever required and distributed to all Directors.

e. Relationships between Directors

None of the Directors are related to each other.

f. Number of shares and convertible instruments held by Non-Executive Directors

None of the Non-Executive Directors holds any share in the Company, except Mr. Harikant Turgalia who holds 500 shares in the Company.

The Company has not issued any convertible instruments.

g. Details of familiarization programmes imparted to Independent Directors

The Company undertakes and makes necessary provision for an appropriate induction programme for new directors and ongoing training for existing directors. The new directors are introduced to the Company culture through appropriate training programmes. Such kind of training programmes help in developing relationship of the directors with the Company and familiarize them with the Company's processes. The management provides such information and training either at the meeting of the Board of Directors or otherwise.

The induction process is designed to:

i. Build an understanding of the Company's processes; and

ii. Fully equip directors to perform their role on the Board effectively.

The details regarding Independent Directors' Familiarization Programmes are given under the Tab 'Investor Relation' on the website of the Company and can be accessed at www.aeroflexindia.com.

h. Matrix of Core Skills/Experience/Competencies of the Board of Directors

The Board comprises of person with varies experiences in different areas who bring in the required skills, competence and expertise that allows them to make effective contribution to the Board and its committees. The following are the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business for it to function effectively, efficiently and those available with the Board as a whole and the specific areas of focus or expertise of individual board members have been highlighted hereunder:

Sr. No.	Skills/Expertise/Competencies Name of Director	Business Operations	Entrepreneurship	Accounts & Finance	Legal Compliance
1.	Mr. Asad Daud	✓	✓	✓	×
2.	Mr. Mustafa Abid Kachwala	✓	×	✓	×
3.	Mr. Harikant Turgalia	✓	×	✓	×
4.	Mr. Ramesh Chandra Soni	✓	×	✓	✓
5.	Mr. Parthasarathi Sarkar	✓	✓	✓	×
6.	Mr. Arpit Khandelwal	×	×	✓	✓
7.	Ms. Shilpa Bhatia	×	✓	✓	✓

i. Confirmation by Board of Directors about independence of Independent Directors of the Company

In the opinion of the Board of Directors of the Company, the Independent Directors fulfill the conditions specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and they are Independent of the management.

Further, all the Independent Directors of the Company have affirmed compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, regarding enrollment in the Data Bank for Independent Directors as required under Notification dated October 22, 2019 issued by the Ministry of Corporate Affairs in this regard.

None of the Independent Director serves as Independent Director in more than 7 listed companies.

j. Resignation of an independent director

None of the Independent Directors resigned during the financial year 2023-24.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

As stipulated in the Code for Independent Directors under Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 a separate meeting of the Independent Directors of the Company was held on March 12, 2024 to review the performance of Non-Independent Directors and the Board as a whole and also the flow of information between the Board and the Management of the Company.

COMPANY'S POLICY ON PROHIBITION OF INSIDER TRADING

As per provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. All the directors, designated persons and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this Code. The trading window was closed during the time of declaration of results and occurrence of any material events as per the applicable regulations. The Company Secretary has been appointed as Compliance Officer of the Company and is responsible for adherence to the Code.

SUBSIDIARY COMPANIES

As on March 31, 2024, the Company had one subsidiary Company i.e. Aeroflex Industries Limited (U.K) (Foreign unlisted subsidiary) which does not fall under the norms prescribed in Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 for Material Subsidiary. The Company has formulated a policy for determining 'material' subsidiaries and the same is displayed on the website of the Company https://www.aeroflexindia.com/wp-content/uploads/Policy-on-Material-Subsidiaries.pdf

3. AUDIT COMMITTEE

a. Terms of reference

The terms of reference of the Audit Committee are as per the governing provisions of the Companies Act, 2013 (Section 177) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (specified in Part C of Schedule II), the Audit Committee Inter alia implement the function of approving Annual Internal Audit plan, review of financial reporting system, Internal controls system, discussion on quarterly, half-yearly and annual financial results, interaction with statutory and internal Auditors, one-on-one meetings with statutory and internal Auditors, recommendation for the appointment of statutory and their remuneration, recommendation for the appointment and remuneration of internal, in fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

b. Composition

The Audit Committee comprises one Executive Director and two Non-Executive Directors as members. All members are financially literate and possess sound knowledge of accounts, finance and audit matters. The partners/ authorized representatives of Statutory Auditors and Internal Auditors are invited to the meetings of the Audit Committee, as and when required. The Company Secretary and Compliance officer of the Company acts as Secretary to the Committee. The Composition of Audit Committee as on March 31, 2024 is given below:

Sr. No.	Name	Category	Designation
1.	Mr. Ramesh Chandra Soni	Non-Executive Independent Director	Chairman
2.	Mr. Asad Daud	Executive Director	Member
3.	Mr. Arpit Khandelwal	Non-Executive Independent Director	Member

c. Meetings and attendance

The Audit Committee met Six times during the Financial Year 2023-24, i.e. on May 15, 2023, July 12, 2023, August 04, 2023, August 11, 2023, November 03, 2023 and January 25, 2024. The maximum time gap between any two meetings is not more than 120 days.

The necessary Quorum was present at the meetings. The attendance of each member of the Company is given below:

Name	No. of meeting held	No. of meeting attended
Mr. Ramesh Chandra Soni	6	6
Mr. Asad Daud	6	6
Mr. Arpit Khandelwal	6	6

4. NOMINATION AND REMUNERATION COMMITTEE

a. Terms of reference

The Nomination and Remuneration Committee, inter alia, recommends the appointment and remuneration payable to Directors, Key Managerial Personnel and Senior Management of the Company.

The broad terms of reference of the Nomination and Remuneration Committee, inter-alia, are:

i. To formulate criteria for determining qualifications, positive attributes and independence of a director;

ii. Formulate criteria for evaluation of Independent Directors and the Board;

iii. Identify persons who are qualified to become directors and who may be appointed in senior management;

iv. To carry out evaluation of every director's performance;

v. To recommend to the Board the appointment and removal of directors and senior management;

vi. To recommend to the Board policy relating to remuneration of directors, key managerial personnel and senior management;

vii. To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

viii. To devise a policy on Board diversity;

ix. To carry out any other function as is mandated by the Board from time-to-time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

b. Composition

As on March 31, 2024 the Nomination and Remuneration Committee comprised of Non-Executive Directors. The Company Secretary and Compliance Officer of the Company acts as Secretary to the Committee. The Composition of Nomination and Remuneration Committee as on March 31, 2024 is given below:

Sr. No.	Name	Category	Designation
1.	Mr. Ramesh Chandra Soni	Non-Executive Independent Director	Chairman
2.	Mr. Parthasarathi Sarkar	Non-Executive Independent Director	Member
3.	Mr. Harikant Ganeshlal Turgalia	Non-Executive-Non-Independent Director	Member

c. Meetings and attendance

The Nomination and Remuneration Committee met One (1) time during the financial year, on May 02, 2023.

The requisite quorum was present for the meetings. The attendance of each member of the Company is given below:

Name	No. of meeting held	No. of meeting attended
Mr. Ramesh Chandra Soni	1	1
Mr. Parthasarathi Sarkar	1	1
Mr. Harikant Ganeshlal Turgalia	1	1

d. Performance evaluation criteria for Independent Directors

Pursuant to the provisions of Section 178(2) of the Act read with Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has evaluated the performance of each Independent Director and fulfillment of the independence criteria as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and their independence from the management. The questionnaires are prepared considering the business of the Company. The evaluation framework for assessing the performance of Independent Directors comprises of the following key areas:

i. Attendance at Board and Committee Meetings;

ii. Quality of contribution to Board deliberations;

iii. Strategic perspectives or inputs regarding future growth of the Company and its performances; and

iv. Providing perspectives and feedback going beyond information provided by the management.

5. STAKEHOLDER'S RELATIONSHIP COMMITTEE

Pursuant to the provisions of Section 178 of the Act and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has duly constituted the Stakeholders' Relationship Committee.

a. Terms of reference

The Stakeholders' Relationship Committee is empowered to oversee the redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate share certificates, demat of shares and other miscellaneous complaints. This Committee is also responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services. In addition, the terms of reference of this committee includes as provided under provisions of Regulation 20 read with Schedule II Part D(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b. Composition

As on March 31, 2024 the Stakeholder's Relationship Committee comprised of three members (including one Independent Director). The Chairperson of the Committee is a Non-Executive Director.

The Committee consists of the following persons:

Sr. No.	Name	Category	Designation
1.	Mr. Harikant Turgalia	Non-Executive Non-Independent Director	Chairman
2.	Mr. Asad Daud	Executive Director	Member
3.	Mr. Arpit Khandelwal	Non-Executive Independent Director	Member

c. Meetings and attendance

The Stakeholders' Relationship Committee met two (2) time during the financial year, on November 03, 2023 and January 25, 2024.

The requisite quorum was present for the meetings. The attendance of each member of the Company is given below:

Name	No. of meeting held	No. of meeting attended
Mr. Harikant Turgalia	2	2
Mr. Asad Daud	2	2
Mr. Arpit Khandelwal	2	2

d. Name and designation of Compliance Officer

Ms. Kinjal Kamlesh Shah, Company Secretary and Compliance Officer is the Compliance Officer for resolution of shareholders' complaints.

e. Number of shareholders' complaints received during the financial year

737 shareholder's complaint was received during the financial year 2023-24.

f. Number of complaints not solved to the satisfaction of shareholders

NIL

g. Number of pending complaints:

NIL

The majority complaints received were related to the allotment status in the Company's Initial Public Offer and all complaints have been redressed to the satisfaction of the shareholders.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

a. Terms of reference

CSR Committee of the Company has been constituted in line with the provisions of Section 135 of the Act.

The Company is committed to operate and grow its business in a socially responsible way, while reducing the environmental impact of its operations and increasing its positive social impact. It aims to achieve growth in a responsible way by encouraging people to take small everyday actions that will make a big difference. The CSR Policy is guided by the following vision:

i. The Company completely endorses reliability. It is committed to conduct business in a true, fair and ethical manner and takes up the responsibility to create a good impact in the society it belongs;

ii. The Company is committed towards improving the quality of lives of people in the communities in which it operates because society is an essential stakeholder and the purpose of its existence. The Company believes that giving back to society through CSR activities is its moral duty;

iii. The Company aims to fulfill the requirements laid down under the Companies Act, 2013 and act diligently to comply with all its Rules and Regulations on CSR.

b. Composition

As on March 31, 2024, the Committee comprises of four members (including two Independent Directors). The Chairperson of the Committee is an Executive Director.

Sr. No.	Name	Category	Designation
1.	Mr. Asad Daud	Executive Director	Chairman
2.	Mr. Ramesh Chandra Soni	Non-Executive Independent Director	Member
3.	Mr. Arpit Khandelwal	Non-Executive Independent Director	Member
4.	Mr. Mustafa Abid Kachwala	Executive Director	Member

c. Meetings and attendance

The Corporate Social Responsibility Committee met One (1) time during the financial year on November 03, 2023.

The requisite quorum was present for the meetings. The attendance of each member of the Company is given below:

Name	No. of meeting held	No. of meeting attended
Mr. Asad Daud	1	1
Mr. Ramesh Chandra Soni	1	1
Mr. Arpit Khandelwal	1	1
Mr. Mustafa Abid Kachwala	1	1

7. IPO COMMITTEE

The IPO Committee was constituted by the Board for overseeing the initial public offering and to take all decisions in relation to the IPO (except as are required under applicable law to be taken only at a Board Meeting). The terms of reference of the IPO Committee inter-alia included deciding in consultation with the selling shareholders and merchant bankers to the IPO, the size, timing, pricing and all other terms and conditions of the IPO, including the number of equity shares to be offered pursuant to the IPO; finalizing and amending the terms of participation by the selling shareholders in the offer for sale; to determine and finalise the IPO opening and IPO closing dates (including IPO opening and closing dates for anchor investors), floor price/ price band for the IPO, the IPO price for anchor investors, approve the basis for allocation/allotment and confirm allocation/ allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the prospectus, in consultation with the merchant bankers to the IPO etc.

Pursuant to the completion of the IPO of the Company, and subsequent listing of its equity shares on National Stock Exchange of India Limited and BSE Limited with effect from August 31, 2023, the purpose of the constitution of the IPO Committee was fulfilled; accordingly, the Committee was subsequently dissolved by the Board.

8. SENIOR MANAGEMENT

Particulars of Senior Management including the changes therein since the close of the previous financial year are as follows:

Sr. No.	Name of the Senior Management Personnel	Designation	Changes since the close of previous financial year
1.	Mr. Mustafa Abid Kachwala	Chief Financial Officer	Re-appointed w.e.f April 01, 2023
2.	Ms. Kinjal Kamlesh Shah	Company Secretary & Compliance Officer	No change
3.	Mr. Harish Khatter	Operations - Vice President	No change
4.	Mr. Pervez Akhter	Senior Vice President	No change
5.	Mr. Amit Jha	Manager - Risk & Compliance	No change
6.	Ms. Drashti Chauhan	Finance Controller	No change

9. REMUNERATION OF DIRECTORS

a. The Non-Executive Directors had no pecuniary relationship or transactions with the Company during the financial year 2023-24.

b. The Non-Executive Directors are entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board Meetings. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him/her of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

c. Details of remuneration and sitting fees paid to the directors:

Details of remuneration/sitting fees paid during the financial year 2023-24 and number of shares held as on March 31, 2024 by the directors of the Company are as follows:

(₹ in Lakhs)

Name of the Director	Salary & Perquisites	Performance/ Incentive/Bonus/ Stock option/Bonus/	Sitting Fees	Total	No. of Shares held
Mr. Asad Daud	95.56	-	-	95.56	500
Mr. Mustafa Abid Kachwala	11.60	-	-	11.60	500
Mr. Harikant Ganeshlal Turgalia	-	-	-	-	500
Mr. Ramesh Chandra Soni	-	-	1.75	1.75	-
Mr. Parthasarathi Sarkar	-	-	1.75	1.75	-
Mr. Arpit Khandelwal	-	-	-	-	-
Ms. Shilpa Bhatia	-	-	1.75	1.75	

i. The above details of remuneration or fees paid include all elements of remuneration package of Individual Directors summarized under major heads;

ii. Apart from the above-mentioned remuneration or fees paid, there are no other fixed component and performance linked incentives based on the performance criteria;

iii. No remuneration/compensation is paid to Non-Executive Directors, except sitting fees for attending board meetings;

iv. The Company has entered into service contracts with Whole-Time Director and Managing Director. The tenure of office of the Managing Director is for five years and for Whole-Time Directors is for three years from their respective dates of appointment and can be terminated by either party by giving three months' notice in writing. There is no separate provision for payment of severance fees;

The Nomination and Remuneration Committee recommends the remuneration to be paid to the Directors, to the Board of Directors, for its approval. The Remuneration Policy is available on the website of the Company at https://www.aeroflexindia.com/wp-content/uploads/Nomination-and-Remuneration-Policy.pdf

10. GENERAL BODY MEETINGS

Annual General Meeting

Details of last three Annual General Meetings and the summary of special resolutions passed therein are as under:

Financial Year ended	Date & Time	Venue/Mode	Special Resolution(s) passed
March 31, 2023	July 08, 2023 at 11: 00 a.m.	Through Video Conferencing/Other Audio-Visual Means Deemed Venue: Registered Office of the Company situated Plot No. 41,42/13,42/14 & 42/18, Near Taloja MIDC, Village Chal, Behind IGPL, Panvel, Navi Mumbai, Raigarh-410208.	Re-Appointment of Ms. Shilpa Bhatia (DIN: 08695595) as an Independent Women Director
March 31, 2022	September 03, 2022 at 11: 00 a.m.	Registered Office of the Company situated at Plot No. 41,42/13,42/14 & 42/18, Near Taloja MIDC, Village Chal, Behind IGPL, Panvel, Navi Mumbai, Maharashtra-410208.	Approval of Allocation and Grant of Stock Options to Employees Grant of Options to issue securities equal to or exceeding one per cent of the issued Capital
March 31, 2021	September 30, 2021 at 12:00 p.m.	Registered Office of the Company situated at Plot No. 41 & 42/13, 14, 18, Chalgaon, MIDC, Taloja, Navi Mumbai-410206.	No Special Resolution was passed at this meeting

No Extraordinary General Meeting of the Members was held during the financial year 2023-2024.

Postal Ballot

During the financial year under review, no resolution was passed by the Company through postal ballot.

11. MEANS OF COMMUNICATION

The Company regularly utilizes various means of communication to keep its stakeholders informed about its financial results, announcements, updates etc.

Financial Results

The quarterly financial results are intimated to the stock exchanges and also circulated to all the shareholders of the Company whose email addresses are registered with Company/Depositories. The results are also uploaded on the website of the Company at www.aeroflexindia.com and is published in leading newspapers such as Free Press Journal (English) and Navshakti (Marathi).

Investor Presentation

The Company regularly conducts/participates in Investor Conferences, Analysts/Institutional Investors' Meet, Investor Roadshow to discuss its performance. The schedule of the same is intimated to the stock exchanges, and also available on the website of the Company at www.aeroflexindia.com The presentations made at such conferences and meets are submitted to the stock exchanges and are available on the website of the Company at www.aeroflexindia.com.

Website

The Company's website www.aeroflexindia.com provides detailed information regarding its business segments, products, and highlights its key numbers including leadership, apart from the quarterly key performance indicators.

12. GENERAL INFORMATION FOR SHAREHOLDER

a. 30th Annual General Meeting

Day, Date & Time: Friday, July 05, 2024 at 11:00 a.m.

Mode: Through Video Conferencing/Other Audio-Visual Means

Deemed Venue: Registered Office of the Company situated at Plot No. 41,42/13,42/14 & 42/18 Near Taloja MIDC, Village Chal, Behind IGPL, Panvel, Navi Mumbai, Raigarh-410208.

b. Financial Year

April 01 to March 31.

c. Dates of Book Closure/Record Date

As mentioned in the Notice of this AGM

d. Dividend Payment Date

The final Dividend, if approved by the Shareholders at the Annual General Meeting shall be paid/credited on or before August 03, 2024 i.e. within 30 days from the date of approval.

e. Listing on Stock Exchanges and Stock Code

The equity shares of the Company are listed on the following stock exchanges with effect from August 31, 2023:

Name of Stock Exchange	Address	Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	543972
National Stock Exchange of India Limited	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai-400 051.	AEROFLEX

The ISIN of the Equity Shares of the Company is INE024001021. The Company has paid the annual listing fee for the financial year under review and the financial year 2024-25 to both the stock exchanges.

During the financial year under review, the equity shares of the Company have not been suspended from trading on any of the stock exchanges on which they are listed.

f. Market price data

Market price data for the period September 01, 2023, to March 31, 2024 is as under:

NSE

Month	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24
High	171.45	173.80	172.70	160.25	179.90	159.70	146.85
Low	145.45	142.40	155.50	140.90	152.95	141.90	115.00

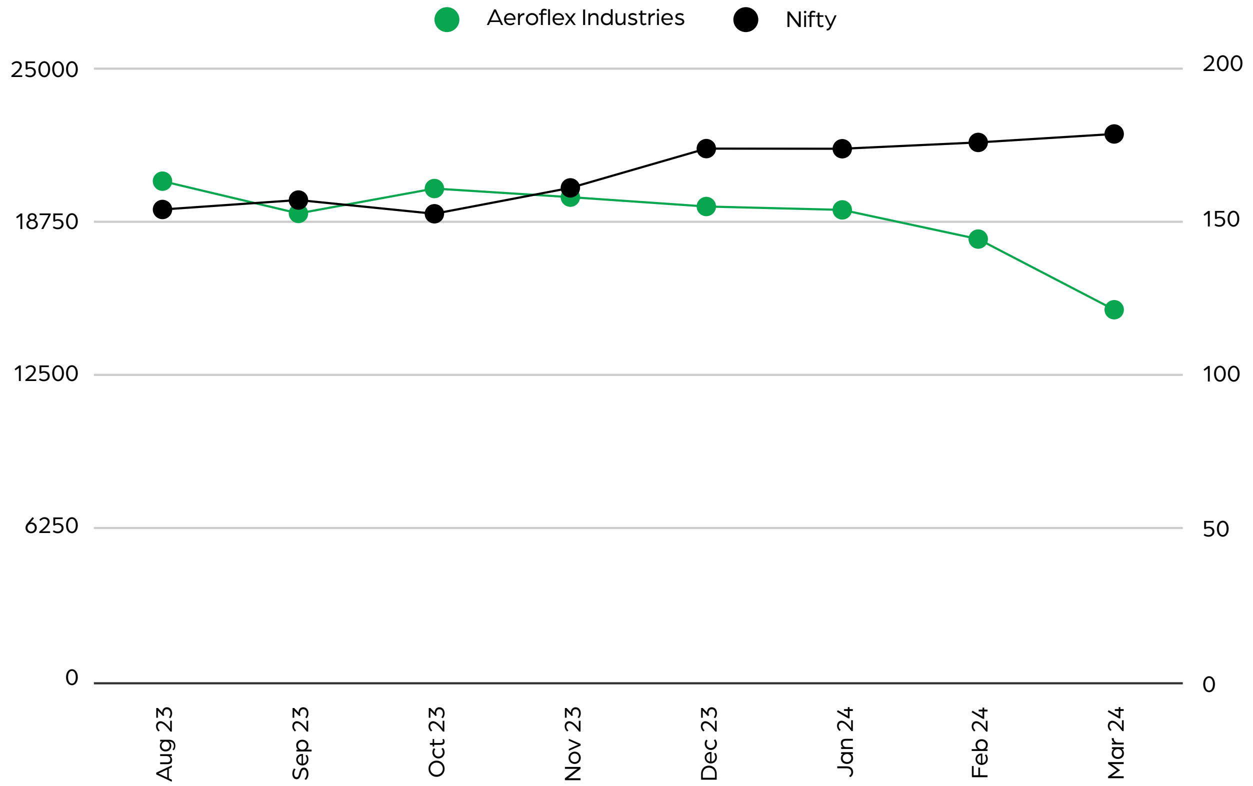
*Source: www.nseindia.com

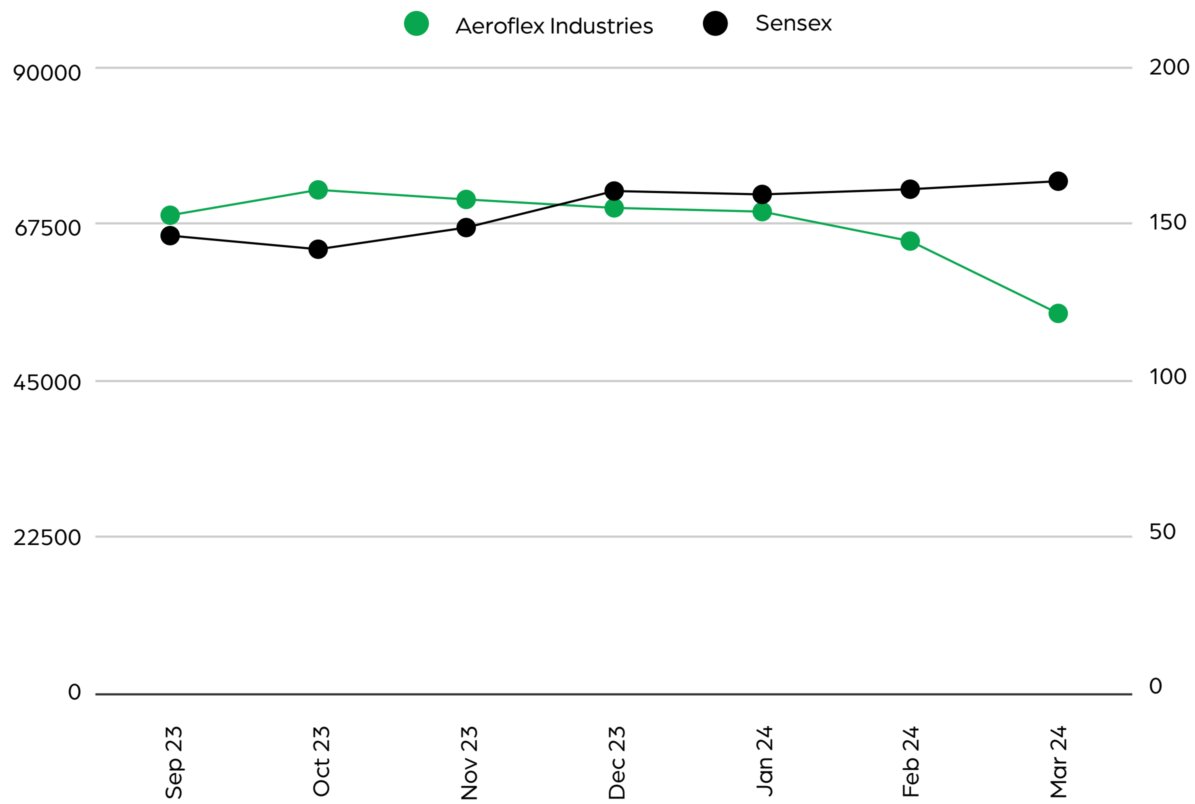
BSE

Month	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24
High	171.45	175.00	172.50	159.95	179.80	160.00	147.45
Low	145.35	141.00	155.60	140.90	153.00	141.70	114.40

* Source: www.bseindia.com

g. Performance in comparison to Nifty 50 and BSE Sensex





h. Registrar to an issue and Share Transfer Agents

Link Intime India Private Limited
Address: 247, Park C-101, 1st Floor, LBS Marg, Vikhroli West, Mumbai – 400 083
Telephone No: 022-49186000
Fax No: 022-49186060
E-mail ID: sanjay.jadhav@linkintime.co.in
Website: www.linkintime.co.in

i. Share Transfer System

Shares held in the dematerialized form are electronically traded in the depository. The registrar and share transfer agents of the Company periodically receive from the depository the beneficiary holdings to enable them to update their records and to send out corporate communications such as dividend warrant.

j. Distribution of Shareholding as on March 31, 2024

Sr. No.	Categories (Shares)	No. of shareholders	Percentage of total shareholders	No. of shares	Percentage of total shares
1	1 to 1000	92,409	96.39	1,24,98,327	9.66
2	1001 to 2000	2,036	2.13	31,52,047	2.44
3	2001 to 3000	538	0.56	13,90,076	1.08
4	3001 to 4000	216	0.23	7,76,392	0.60
5	4001 to 6000	310	0.32	15,65,082	1.21
6	6001 to 8000	80	0.08	5,73,297	0.44
7	8001 to 10000	86	0.09	8,25,977	0.64
8	10001 to 20000	101	0.11	14,66,456	1.13
9	20001 to Above	90	0.09	10,70,72,716	82.80
Total		**95,866**	**100.00**	**12,93,20,370**	**100.00**

k. Dematerialization of shares and liquidity

As on March 31, 2024, 100% equity shares of the Company are in dematerialized form. The equity shares of the Company are liquid and traded on BSE Limited and National Stock Exchange of India Limited.

l. Convertible instruments

The Company has not issued any Global Depository Receipts (GDRs)/American Depository Receipts (ADRs)/ warrants or any convertible instrument, which are likely to have impact on the Company's Equity.

m. Commodity price risk or foreign exchange risk and hedging activities

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's reporting currency, hence exposure to exchange rate fluctuations arises.

The Company's commodity risk is managed centrally through well-established control processes and also future market position in accordance with the risk management policy.

n. Plant location

Plot No. 41,42/13,42/14 & 42/18,
Near Taloja MIDC, Village Chal,
Behind IGPL,
Panvel, Navi Mumbai,
Raigarh-410208.

o. Address for Correspondence

i. Registrar and Share Transfer Agent

Link Intime India Private Limited
(Unit: **Aeroflex Industries Limited**)
Address: 247, Park C-101, 1st Floor, LBS Marg,
Vikhroli West, Mumbai-400 083.
Telephone No: 022-49186000
Fax No: 022-49186060
E-mail ID: sanjay.jadhav@linkintime.co.in
Website: www.linkintime.co.in

ii. Investor Relation Department of the Company

Ms. Kinjal Kamlesh Shah
Company Secretary and Compliance Officer
Address: Plot No. 41,42/13,42/14 & 42/18,
Near Taloja MIDC, Village Chal, Behind IGPL,
Panvel, Navi Mumbai, Raigarh-410208
Telephone No: 022-66372073
Fax No: 022-61467136
E-mail ID: corporate@aeroflexindia.com
Website: www.aeroflexindia.com

p. Details of credit rating obtained by the entity along with revisions (if any):

During the year under review the Company has obtained the following credit rating:

Sr. No.	Name of the Credit Rating Agency	Facilities	Ratings
1.	Infomerics Valuation and Rating Private Limited	Long Term Bank Facilities	IVR BBB- Under ratings watch with positive implications

13. OTHER DISCLOSURES

a. Materially significant related party transaction

There were no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors/KMPs during the financial year ended March 31, 2024 that may have potential conflict with the interest of the Company at large.

The transactions with the related parties, as per the requirements of the Indian Accounting Standard (Ind-AS) 24, are disclosed in the Notes on Accounts, forming part of the Annual Report. The policy on dealing with Related Party Transactions is available on Company's website at www.aeroflexindia.com.

b. Penalties/Strictures

The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital market during the last three years.

The Stock Exchanges, SEBI or any statutory authority on any matter relating to capital markets imposed no penalties or strictures on the Company during the last three years.

c. Whistle-Blower Policy/Vigil Mechanism and affirmation that no person has been denied access to the Audit Committee

The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of director or employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases.

We affirm that during the financial year 2023-24, no director or employee was denied access to the Audit Committee.

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the mandatory requirements of Regulation 27 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted following non-mandatory requirements of Regulation 27 and Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

i. **Un-Modified Opinion(s) in Audit Report:** During the year under review, there was no modified audit opinion in the Auditors' Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unmodified audit opinions in its financial statements.

ii. **Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee of the Company, to ensure independence of the Internal Audit function.

iii. **Shareholder Rights:** Annual financial performance of the Company is sent to all the Members whose e-mail IDs are registered with the Company/Depositories. The results are also available on the Company's website www.aeroflexindia.com.

e. Material Subsidiaries

During the financial year under review, the Company had one subsidiary Company i.e. Aeroflex Industries Limited, U.K, which does not fall under the norms prescribed in Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Material Subsidiary.

The Company has formulated a policy for determining 'material' subsidiaries and the same is displayed on the website of the Company www.aeroflexindia.com.

f. Details of utilization of funds raised through preferential allotment or qualified institutions placement

During the financial year under review, the Company has not raised funds through preferential allotment or qualified institutions placement.

g. Certificate from Company Secretary in Practice

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI or the Ministry of Corporate Affairs or any such statutory authority. The Company has received a certificate from M/s. S.K. Jain & Co. (FCS No.: 1473), Practicing Company Secretary and which is annexed to this Report.

h. Recommendation by the Committees

During the financial year under review, all recommendations made by the Committees of the Board as mandatorily required have been accepted by the Board.

i. Consolidated Fees to Auditors

The total fees for all services (including out of pocket expenses) availed by the Company and its subsidiary from M/s. Shweta Jain & Co., Chartered Accountants, Statutory Auditors for the Financial Year 2023-24 is ₹ 12.67 Lakhs.

j. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Particulars	Status
Number of complaints filed during the financial year	NIL
Number of complaints disposed of during the financial year	NIL
Number of complaints pending as on end of the financial year	NIL

k. Loans and Advances

During the financial year under review, no loans or advances were made by the Company or its subsidiaries in the nature of loans to firms/Companies in which Directors are interested.

14. CORPORATE GOVERNANCE REQUIREMENTS

During the financial year under review, the Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as it was not applicable to the Company.

15. DECLARATION ON COMPLIANCE FOR CODE OF CONDUCT

The Board has formulated and adopted Code of Conduct and Ethics for the Board of Directors and Senior Management. The said code has been hosted on the website of the Company at www.aeroflexindia.com.

A confirmation from the Managing Director of the Company regarding compliance with the Code of Conduct and Ethics by all the Directors and Senior Management Personnel is annexed and forms part of this Report.

16.CERTIFICATE ON CORPORATE GOVERNANCE

Certificate from M/s. S.K. Jain & Co. (FCS No.: 1473), Practicing Company Secretary certifying the compliance of conditions of Corporate Governance, is annexed and forms part of this Report.

17. DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

The Company does not have any of its securities lying in Demat suspense account/unclaimed suspense account arising out of public/bonus/right issues as on March 31, 2024. Hence, the particulars relating to the aggregate number of shareholders and the outstanding securities in suspense account and other related matters does not arise.

18.DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING LISTED ENTITIES

The Company has not entered into any types of agreements under Clause 5A of paragraph A of Part A of Schedule III of SEBI (LODR) Regulations, 2015 with shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate Company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company.

19. POLICIES OF THE COMPANY

As a part of good Corporate Governance, the Company has from time-to-time adopted various policies/codes which are hosted on the website of the Company at www.aeroflexindia.com

20. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

a. Update E-mails for receiving notice/documents in e-mode

The Ministry of Corporate Affairs (MCA) has through its circulars issued in 2011, allowed service of documents by companies including Notice calling General Meeting(s), Annual Report etc. to their shareholders through electronic mode. This green initiative was taken by MCA to reduce paper consumption and contribute towards a green environment. As a responsible corporate citizen, your Company fully supports the MCA's endeavor.

In accordance with the same, your Company had proposed to send Notice calling General Meetings, Annual Report and other documents in electronic mode in future to all the shareholders on their email addresses. It was also requested to inform the Company in case the shareholders wish to receive the above documents in physical form. Accordingly, the Annual Report along with Notice will be sent to the shareholders in electronic mode at their email address.

The shareholders who have not registered their email address with the Company are requested to kindly register their e-mail addresses with the Company in the Form annexed with the Notice of Annual General Meeting enabling the Company to better service shareholder correspondence through e-mode. The shareholders have also an option to register their email address with their Depository through Depository Participant.

b. Update your Correspondence Address/Bank Mandate/E-mail Id

Shareholder(s) holding shares in dematerialized form are requested to notify change in bank details/address/email Id directly with their respective DPs.

c. Quote Folio No./DP ID No.

Shareholders/Beneficial Owners are requested to quote their Folio Nos./DP ID Nos., as the case may be, in all correspondence with the Company. Shareholders are also requested to quote their Email IDs, Contact/Fax numbers for prompt reply to their correspondence.

d. Introduction of SWAYAM developed by Registrar and Share Transfer Agents

'**SWAYAM**' is a secure, user-friendly web-based application, developed by "Link Intime India Pvt Ltd.", our Registrar and Share Transfer Agents, that empowers shareholders to effortlessly access various services. We request you to get registered and have first-hand experience of the portal.

This application can be accessed at https://swayam.linkintime.co.in

- Effective Resolution of Service Request -Generate and Track Service Requests/Complaints through SWAYAM.
- Features - A user-friendly GUI.
- Track Corporate Actions like Dividend/Interest/Bonus/split.

d. Introduction of SWAYAM developed by Registrar and Share Transfer Agents (Contd.)

- PAN-based investments - Provides access to linked PAN accounts, Company wise holdings and security valuations.
- Effortlessly Raise request for Unpaid Amounts.
- Self-service portal – for securities held in demat mode and physical securities, whose folios are KYC compliant.
- Statements - View entire holdings and status of corporate benefits.
- Two-factor authentication (2FA) at Login - Enhances security for investors.

For and on behalf of the Board of Directors of
AEROFLEX INDUSTRIES LIMITED

Asad Daud
Managing Director
DIN: 02491539

Mustafa Abid Kachwala
Whole-Time Director & CFO
DIN: 03124453

Place: Mumbai
Dated: June 03, 2024

Declaration of Compliance with the Code of Conduct

Pursuant to Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended March 31, 2024.

For and on behalf of the Board of Directors of
AEROFLEX INDUSTRIES LIMITED

Asad Daud
Managing Director
DIN: 02491539

Place: Mumbai
Dated: June 03, 2024

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
AEROFLEX INDUSTRIES LIMITED
Plot No. 41,42/13,42/14 & 42/18
Near Taloja MIDC, Village Chal,
Behind IGPL,Panvel,
Navi Mumbai,
Raigarh-410208.

I have examined the relevant Registers, Records, Forms, Returns and disclosures received from the Directors of **AEROFLEX INDUSTRIES LIMITED,** having **CIN: U24110MH1993PLC074576** and having registered office at Plot No. **41,42/13,42/14 & 42/18 Near Taloja MIDC, Village Chal, Behind IGPL, Panvel, Navi Mumbai, Raigarh-410208** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with **Regulation 34(3)** read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1	Mr. Asad Daud	02491539	15/10/2019
2	Mr. Harikant Ganeshlal Turgalia	00049544	15/10/2019
3	Mr. Mustafa Abid Kachwala	03124453	07/05/2010
4	Mr. Ramesh Chandra Soni	00049497	15/10/2019
5	Mr. Parthasarathi Sarkar	00047272	05/08/2022
6	Mr. Arpit Khandelwal	09684341	28/11/2022
7	Ms. Shilpa Bhatia	08695595	05/08/2022

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S.K. JAIN & CO**

DR. S.K. JAIN
Practicing Company Secretary
FCS NO.: 1473
COP NO.: 3076

Place: Mumbai
Dated: June 03, 2024
UDIN: F001473F000523170

Compliance Certificate on Corporate Governance Report

To,
The Members,
AEROFLEX INDUSTRIES LIMITED
Plot No. 41,42/13,42/14 & 42/18,
Near Taloja MIDC, Village Chal,
Behind IGPL,Panvel,
Navi Mumbai,
Raigarh–410208.

We have examined the compliance of conditions of Corporate Governance by **AEROFLEX INDUSTRIES LIMITED** for the year ended on March 31, 2024.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

MANAGEMENTS RESPONSIBILITY

The Compliance of conditions of Corporate Governance is responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring Compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

OPINION

Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clause (b) to (i) of Regulation 46 and Para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2024.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

RESTRICTION ON USE

The certification is addressed to and provided to the members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **S.K. JAIN & CO**

DR. S.K. JAIN
Practicing Company Secretary
FCS NO.: 1473
COP NO.: 3076

Place: Mumbai
Dated: June 03, 2024
UDIN: F001473F000523203

Annexure-F

FORM NO. MR-3

Secretarial Audit Report

For The Financial Year Ended **March 31, 2024**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
AEROFLEX INDUSTRIES LIMITED
Plot No. 41, 42/13, 42/14 & 42/18
Near Taloja MIDC, Village Chal,
Behind IGPL, Panvel,
Navi Mumbai,
Raigarh – 410208.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AEROFLEX INDUSTRIES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **March 31, 2024** (reporting period) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the **AEROFLEX INDUSTRIES LIMITED** as given in **Annexure-I** for the period **April 01, 2023 to March 31, 2024** according to the provisions of:

i. The Companies Act, 2013 ('the Act') and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act,1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange management act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): **(Applicable w.e.f August 31, 2023)**

   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(The shareholders of the Company in its meeting held on September 03, 2022 has approved [Employee Stock Option Plan] 2022). Since introduction of Employee Stock Option Plan 2022 nomination and remuneration committee designated as compensation committee for the purpose of Employee Stock Option Plan 2022 Plan has not granted any options under the said Plan.**

   f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not applicable as the Listed Entity has not listed its Non-Convertible Securities);**

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit Period);**

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable as the Company has not delisted/propose to delist its Equity Shares from any Stock Exchange during the financial year under review);**

   i) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **(Not applicable as the Company has not bought back/propose to buy-back any of its securities during the financial year under review); and**

I have also examined Compliance with the applicable clauses of the following:

i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India;

ii. The Equity Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedure on test basis. The list of major head/groups of Acts, Laws and Regulations as generally applicable to the Company is as per **Annexure-II**.

During the period under review, the Company has complied with all the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that during the audit period the Company has specific events as under.

1. The Board of Directors in its Meeting held on May 15, 2023 recommended the payment of Dividend of ₹ 0.20/- (Rupee Twenty Paisa) only (i.e. 10%) per Equity Share of ₹ 2/- each (fully paid-up) for the Financial Year ended March 31, 2023 and the same was approved by the Shareholders at the Annual General Meeting ('AGM') of the Company held on July 08, 2023.

2. The Company got listed on BSE and National Stock Exchange ("NSE") on August 31, 2023.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in Compliance with the provisions of the Act.

Adequate notices/shorter notices are given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

All decision at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the Meeting of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliances with the applicable Laws, Rules, Regulations and Guidelines.

In case of Direct and Indirect Tax Laws like Income Tax Act, Goods and Service Tax Act, I have relied on the Reports given by the Statutory Auditors of the Company.

I further report that during the audit period, the Company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc. referred to above.

For **S. K. Jain & Co**

Date: May 02, 2024
Place: Mumbai
UDIN: F001473F000292819

Dr. S. K. Jain
Practicing Company Secretary
FCS No.: 1473
COP No.: 3076

This report is to be read with our letter of even date which is annexed as **Annexure-III** and forms an integral part of this report.

ANNEXURE-I

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished and representations made to me by the Company, its officers and agents, I report that the Company has, during the financial year under review, complied with the provisions of the Acts, the Rules made thereunder the Memorandum & Articles of Association of the Company with regard to:

1. Minutes of the Meetings of the Board of Directors, Committee meetings held during the Financial Year under Report;
2. Minutes of General Body Meetings held during the Financial Year under report;
3. Maintenance of various Statutory Registers and Documents and making necessary entries therein;
4. Notices/Shorter Notices and Agenda papers submitted to all the Directors for the Board Meetings;
5. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report;
6. Intimations/documents/reports/returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under Report;
7. Disclosure of Interest and Concerns in contracts and arrangement, shareholdings and Directorships in other Companies and interest in other entities by Directors;
8. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013 and attachments thereto during the Financial Year under Report;
9. Closure of Register of Members/record date for dividend;
10. Declaration and payment of Dividend.

For **S. K. Jain & Co**

Date: May 02, 2024
Place: Mumbai
UDIN: F001473F000292819

Dr. S. K. Jain
Practicing Company Secretary
FCS No.: 1473
COP No.: 3076

ANNEXURE-II

List of applicable laws to the Company

i. The Factories Act, 1948;

ii. The Industrials Disputes Act, 1947;

iii. The Payment of Bonus Act, 1965;

iv. The Payment of Gratuity Act, 1972;

v. The Minimum Wages Act, 1948;

vi. The Payment of Wages Act, 1936;

vii. The Sexual Harassment Act, 2013;

viii. The Maternity Benefits Act, 1961;

ix. The Industrial Employment (Standing Orders) Act, 1946;

x. The Employees Provident Fund and Miscellaneous Provisions Act, 1970;

xi. The Workmen's Compensation Act, 1923;

xii. The Equal Remuneration Act, 1976;

xiii. The Air (Prevention and Control of Pollution) Act, 1981;

xiv. The Water (Prevention and Control of Pollution) Act, 1974;

xv. The Water (Cess Act), 1977;

xvi. The Environment (Protection) Act, 1986;

xvii. The Standard of Weights and Measure Enforcement Act, 1985;

xviii. The Bureau of Indian Standard Act, 1986;

xix. Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975;

xx. The Hazardous Waste (Management and Handling) Rules, 1989.

ANNEXURE-III

To,
The Members,
AEROFLEX INDUSTRIES LIMITED
Plot No. 41, 42/13, 42/14 & 42/18
Near Taloja MIDC, Village Chal,
Behind IGPL, Panvel,
Navi Mumbai,
Raigarh – 410208.

My report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **S. K. Jain & Co**

Dr. S. K. Jain
Practicing Company Secretary
FCS No.: 1473
COP No.: 3076

Date: May 02, 2024
Place: Mumbai
UDIN: F001473F000292819

Independent Auditors' Report

To,
The Members of
AEROFLEX INDUSTRIES LIMITED
Mumbai

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the Consolidated Financial Statements of **AEROFLEX INDUSTRIES LIMITED** (hereinafter referred to as "the Holding Company") and its foreign subsidiary **Aeroflex Industries Limited, incorporated at London UK. (the Subsidiary") (The Holding Company and its subsidiary together referred as the "Group"),** which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss including Consolidated other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements and a summary of material accounting policies and other explanatory information **(hereinafter referred to as "Consolidated Financial Statements").**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements, give the information required by the Companies Act 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the 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, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2024, its Consolidated profit including Consolidated other comprehensive income, its Consolidated cash flows and Consolidated changes in the equity for the year ended on that date.

BASIS OF OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditors" responsibilities for the audit of the Consolidated Financial Statements' Section of our report. We are independent of the group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Companies Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below the key audit matters to be communicated in our report. Our audit procedures, amongst others, include the following:

Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipment including Capital Work in Progress. The carrying value of property, plant and equipment includes of ₹ 64.25 Lakhs capitalized/transferred from capital work in progress during the year. The Company has capital work in progress at the year ended as on March 31, 2024 of ₹ 537.83 Lakhs. Cost Recognition of Property, Plant and Equipment as specified in Ind AS 16 is based on completion of asset construction activities and management assessment and judgment that the asset is capable of operating in the manner intended. The asset capitalization is the outcome of various procurements, approvals from operations experts in the Company and judgments by the management and therefore, required significant audit attention. Refer Note 1: Property, Plant and Equipment in Notes to the standalone financial statements.

AUDITORS' RESPONSE

Our audit procedures, amongst others, include the following:

a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure.

b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment.

c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment.

d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs.

e) Ensuring adequacy of disclosures in the Consolidated Financial Statements.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

OTHER INFORMATION

The Holding Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Boards' Report including Annexures to Boards' Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditors' report thereon. The Holding Company's annual report is expected to be made available to us after the date of this Auditors' report. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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 RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's management and Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the act, that give a true and fair view of the Consolidated state of affairs, Consolidated profit & loss including Consolidated other comprehensive income, Consolidated cash flows and Consolidated changes in equity of the Group in accordance the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective management and Board of Directors of the companies included in the group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of either entity intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the group are also responsible for overseeing the Company's financial reporting process of the group.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

2 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 entity has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

4 Conclude on the appropriateness of Management's and Board of Directors use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5 Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

6 Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors'. We remain solely responsible for our audit opinion. We communicate with those charged with governance of the Holding Company and such other Companies included in the Consolidated Financial Statements of which we are the independent auditors'.

For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors', such other auditors' remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors' regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

We did not audit the financial statements of one foreign subsidiary whose financial statements reflect total assets of ₹ 31.29 Lakhs as at March 31, 2024 total revenues of ₹ 6.33 Lakhs and net cash inflows amounting to ₹ 16.71 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors' whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors'.

Our opinion in so far as it relates to the balances and affairs of one subsidiary located outside India is based on the reports of other auditors' and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors'.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1 A) As required by the Companies (Auditors' 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(xxi) of the Order to the extent applicable:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated financial statement.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors'.

c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including Consolidated other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

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

f) With respect to the adequacy of the internal financial controls over financial reporting of the group with reference to Consolidated Financial Statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **Annexure-B**.

g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the group to its directors of Company incorporated in India, during the year is in accordance with the provisions of Section 197 of the Act.

B) With respect to the other matters to be included in the Auditors' Report in accordance with the 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 Group does not have any material pending litigations which would impact its financial position in financial statement.

ii The group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended March 31, 2024.

iii There were no amounts which is required to be transferred to the Investors Education and Protection Fund by the Group companies incorporated in India during the year ended March 31, 2024.

iv a) The management of holding Company which is the Company incorporated in India in the group whose financial statements have been audited under the Act, has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall 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 to or on behalf of the Ultimate Beneficiaries.

b) The management of holding Company which is the Company incorporated in India in the group whose financial statements have been audited under the Act, has represented us, that, to the best of its knowledge and belief, no funds have been received by the group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the group shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries. and

c) Based on such audit procedures as 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) & (ii) of Rules 11(e) as provided under (a) and (b) above, contain any material misstatement.

v During the year the holding companies in the group which is incorporated in India has complied with Section 123 of the Act, wherever applicable, with regard to dividend declared and paid.

vi In respect of Rule 11(g) of the Companies (Audit and Auditors') Rules, 2014 proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 we here with report based on our examination which included test checks and that performed by the respective auditors' of the holding Company which is Company incorporated in India in the group whose financial statements have been audited under the Act. The holding Company have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with.

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

Priyanka Jaju
(Partner)
Membership No.: 416197

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Annexure-A

To the Independent Auditors' Report

(As referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report to the members of **AEROFLEX INDUSTRIES LIMITED** on the accounts as at and for the year ended March 31, 2024)

In terms of the information and explanations sought by us and given by the Company and to the best of our knowledge and belief, we state that:

(i) With reference to the clause 3(xxi) of the Order, there are no qualifications & adverse remark given by the respective auditor of the group companies in their Auditors' report included in the Consolidated Financial Statements.

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

Priyanka Jaju
(Partner)
Membership No.: 416197

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Annexure-B

To the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the internal financial controls over financial reporting of the holding Company **AEROFLEX INDUSTRIES LIMITED** ("hereinafter referred to as **"the Holding Company"**) which is the Company incorporated in India in conjunction with our audit of the Consolidated Ind AS financial statements of the group as of and for the year ended March 31, 2024.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and Board of Directors is responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the criteria established by the respective 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the holding Company's internal financial controls which is Company incorporated in India with reference to the Consolidated financial statement based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to the Consolidated financial statement. 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 the Consolidated financial statement 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Auditors' judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidences we have obtained and the audit evidence obtained by the other auditors' with reference to the companies under the group incorporated in India in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the on the internal financial controls with reference to Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Consolidated 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 the Consolidated 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 OVER FINANCIAL REPORTING

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the other auditors' referred to in the other Matters paragraph below with respect to the companies in group which are companies incorporated in India, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statement and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal financial control with reference to Consolidated 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.

OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act, on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to financial statements of companies in the group Incorporated in India, to the extent applicable, is based on the corresponding reports of the auditors' of such companies. Our opinion is not modified in respect of this matter.

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

Priyanka Jaju
(Partner)
Membership No.: 416197

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Consolidated Balance Sheet

As at March 31, 2024

(₹ in Lakhs)

Particulars		Note	As at March 31, 2024	As at March 31, 2023
ASSETS				
NON-CURRENT ASSETS				
a)	Property, plant and equipment	3	8,237.28	5,554.33
b)	Property, plant and equipment - WIP		537.83	64.25
c)	Investment property		-	-
d)	Goodwill		-	-
e)	Intangible assets	4	59.63	77.44
f)	Intangible assets - WIP		3.78	-
g)	Biological assets other than bearer plants		-	-
h)	Financial assets			
	i) Investments		-	-
	ii) Trade receivables		-	-
	iii) Loans		-	-
	iv) Other financial assets	5	345.84	55.97
i)	Deferred tax assets (net)	6	-	-
j)	Other non-current assets	7	304.83	201.82
Total Non-Current Assets			**9,489.18**	**5,953.82**
CURRENT ASSETS				
a)	Inventories	8	5,894.24	5,600.70
b)	Financial assets			
	i) Investments		-	-
	ii) Trade receivables	9	9,472.28	6,697.02
	iii) Cash and cash equivalents	10	7,650.03	613.18
	iv) Bank balances other than cash and cash equivalents	11	2,922.28	12.11
	v) Loans		-	-
	vi) Other financial assets		-	-
c)	Current tax assets (net)		-	-
d)	Other current assets	12	2,068.94	2,520.92
Total Current Assets			**28,007.77**	**15,443.93**
TOTAL ASSETS			**37,496.95**	**21,397.75**
EQUITY AND LIABILITIES				
EQUITY				
	Equity share capital	13	2,586.41	2,286.41
	Other equity	14	26,728.57	9,122.90
Total Equity			**29,314.98**	**11,409.31**
LIABILITIES				
NON-CURRENT LIABILITIES				
a)	Financial liabilities			
	i) Borrowings	15	6.34	1,968.63
	(ia) Lease liabilities		-	-
	ii) Trade payables		-	-
	iii) Other financial liabilities		-	-
b)	Provisions		-	-
c)	c) Other non-current liabilities	16	-	98.57
d)	d) Deferred tax liabilities (net)	6	71.95	28.02
Total Non-Current Liabilities			**78.29**	**2,095.21**
CURRENT LIABILITIES				
a)	Financial liabilities			
	i) Borrowings	17	5.77	2,531.97
	(ia) Lease liabilities		-	-
	ii) Trade payables			
	(A) Total outstanding dues of micro enterprises and small enterprises	18	322.10	883.08
	(B) Total outstanding dues of creditors other than micro & small enterprises	18	5,192.16	2,779.96
	iii) Other financial liabilities		-	-
b)	Other current liabilities	19	2,396.88	1,091.05
c)	Provisions		-	-
d)	Current tax liabilities (net)	20	186.77	607.16
Total Current Liabilities			**8,103.68**	**7,893.23**
Total Liabilities			**8,181.97**	**9,988.44**
TOTAL EQUITY AND LIABILITIES			**37,496.95**	**21,397.75**

The accompanying notes are an integral part of these Consolidated Financial Statements (Note No. "1 to 49")

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M. No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Consolidated Statement of Profit and Loss

For the year ended March 31, 2024

(₹ in Lakhs)

Sr. No.	Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
	REVENUES			
I	Revenue from operations	21	31,790.73	26,946.10
II	Other income	22	384.32	3.90
III	**TOTAL INCOME**		**32,175.05**	**26,950.00**
IV	**EXPENSES**			
	Cost of material consumed	23	20,723.88	18,851.12
	Changes in inventories	24	(583.59)	(1,778.37)
	Employee benefit expenses	25	2,620.18	2,315.14
	Finance costs	26	213.86	343.39
	Depreciation and amortisation expense	27	626.19	521.93
	Other expenses	28	2,849.51	2,266.56
	TOTAL EXPENSES		**26,450.02**	**22,519.77**
V	**Profit/(loss) before exceptional item and tax**		**5,725.03**	**4,430.23**
VI	**Exceptional item**			
	a) FCTL exchange fluctuation		-	307.71
VII	**Profit/(loss) before tax**		**5,725.03**	**4,122.52**
VIII	Tax expense			
	(1) Current tax		1,415.70	1,018.50
	(2) Deferred tax liabilities/(assets)		43.93	22.21
	(3) Taxation of earlier year		92.00	66.59
IX	**Profit/(loss) for the year from continuing operation**		**4,173.40**	**3,015.21**
X	Profit/(Loss) from discontinued operations.		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operation		-	-
XII	**Profit/(loss) for the year**		**4,173.40**	**3,015.21**
XIV	**Other comprehensive income/(loss)**			
	a) Item that will not be reclassified subsequently to profit or loss			
	i) Net change in fair values of investments in equity shares carried at fair value through OCI		-	-
	b) Income tax relating to item that will not be reclassified subsequently to profit or loss		-	-
	c) Item that will be reclassified subsequently to profit or loss			
	i) Exchange differences on translation of financial statements of foreign operations		0.33	0.44
	d) Income tax relating to item that will be reclassified subsequently to profit or loss		-	-
XV	**Total other comprehensive income/(loss)**		**0.33**	**0.44**
	Total comprehensive income for the year		**4,173.72**	**3,015.65**
XVI	Earnings per equity share: (for continued operation) in ₹			
	(1) Basic		3.39	2.64
	(2) Diluted		3.39	2.64
XVII	Earnings per equity share: (for discontinued operation) in ₹			
	(1) Basic		-	-
	(2) Diluted		-	-
XVII	**Earnings per equity share: (for discontinued & continuing operations) in ₹**			
	(1) Basic		**3.39**	**2.64**
	(2) Diluted		**3.39**	**2.64**

The accompanying notes are an integral part of these Consolidated Financial Statements (Note No. "1 to 49")

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M. No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Consolidated Cash Flow Statement

For the year ended March 31, 2024

(₹ in Lakhs)

Sr. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Tax	**5,725.03**	**4,122.52**
	Add: Other comprehensive income/(loss)	0.33	0.44
	Add: Depreciation	626.19	521.93
	Add: Interest paid	213.86	343.39
	Less: Interest received	(278.22)	(0.44)
	Less: Provision for taxation	(1,415.70)	(1,018.50)
	Less: Taxation of earlier year	(92.00)	(66.59)
	Operating profit before working capital changes	**4,779.48**	**3,902.73**
	Adjustments for		
	(Increase)/decrease in non-current other financial assets	(289.87)	(55.25)
	(Increase)/decrease in other non current assets	(103.01)	(27.47)
	(Increase)/decrease in change in inventories	(293.54)	(2,018.51)
	(Increase)/decrease in current trade receivables	(2,775.27)	(1,435.78)
	(Increase)/decrease in current loans	-	-
	(Increase)/decrease in current other financial assets	-	45.66
	(Increase)/decrease in other current assets	451.98	653.48
	Increase/(decrease) in other non-current liabilities	(98.57)	5.44
	Increase/(decrease) in current trade payables	1,851.21	244.58
	Increase/(decrease) in other current liabilities	885.44	(593.13)
	Net cash flow from operating activities	**4,407.87**	**721.76**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant & equipements & intangibles including CWIP	(3,768.68)	(945.63)
	Payments to acquire financial assets	-	-
	Interest received	278.22	0.44
	Net cash flow from investing activities	**(3,490.46)**	**(945.19)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of equity share capital	300.00	-
	Proceeds from borrowings	-	-
	Repayment of borrowings	(4,488.48)	587.88
	Interest paid	(213.86)	(343.39)
	Dividend paid	(228.64)	(228.64)
	IPO Issue expenses	(2,239.41)	-
	Proceeds from Issue of equity share capital (including securities premium)	15,900.00	-
	Net cash flow from financing activities	**9,029.60**	**15.85**
	Net increase in cash & cash equivalents	**9,947.02**	**(207.58)**
	Cash and cash equivalents at the beginning of the period	625.29	832.88
	Cash and cash equivalents at the end of the period	**10,572.31**	**625.29**
	Net increase in cash & cash equivalents	**9,947.02**	**(207.58)**

The accompanying notes are an integral part of these Consolidated Financial Statements (Note No. "1 to 49")

Notes:

(i) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 on the Statement of Cash Flow as notified under Companies (Indian Accounting Standard) Rules, 2015 as amended.

(ii) Cash and Cash Equivalent comprised of Cash and Cash Equivalents and Other Bank Balances as per Balance Sheet. (Refer Note 10 & 11)

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M. No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Consolidated Statement of Changes in Equity

For the year ended March 31, 2024

STATEMENT OF CHANGE IN EQUITY

A. Equity Share Capital

(₹ in Lakhs)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital due to prior year errors	Restated balance at the beginging of the current reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended on March 31, 2024	2,286.41	–	–	300.00	2,586.41
For the year ended on March 31, 2023	2,286.41	–	–	–	2,286.41

B. Promotors Holding

Particulars	Shares held at the end of the year march 31, 2024		Shares Held at the end of the year March 31, 2023		% Of change during the year
	No. Of shares held	% Of total shares	No. Of shares held	% Of total shares	
SAT Industries Limited	7,91,81,833	61.23%	10,53,77,040	92.18%	30.95%

Consolidated Statement of Changes in Equity (Contd.)

For the year ended March 31, 2024

C. Other Equity

(₹ in Lakhs)

	Share application money pending allotment	Equity component of compound financial instrument	Reserves & surplus				Debt instruments through other comprehensive income	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Revaluation surplus	Exchange difference on translating financial difference on foreign operation	Other items of other comprehensive income (specify nature)	Money received against share warrants	Total
			Capital reserve	Securities premium	General reserve	Retained earnings								
Balance at the beginning of the reporting Year: April 01, 2023	**-**	**-**	**-**	**2,419.49**	**-**	**6,703.41**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,122.90**
Changes in accounting policy/prior year errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	4,173.40	-	-	-	-	-	-	-	4,173.40
Other comprehensive income	-	-	-	-	-	0.33	-	-	-	-	-	-	-	0.33
Total Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(228.64)	-	-	-	-	-	-	-	(228.64)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Premium on issue of New Share	-	-	-	15,900.00	-	-	-	-	-	-	-	-	-	15,900.00
IPO Expense	-	-	-	(2,239.41)	-	-	-	-	-	-	-	-	-	(2,239.41)
Balance at the end of the reporting Year: March 31, 2024	**-**	**-**	**-**	**16,080.08**	**-**	**10,648.49**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**26,728.57**

Consolidated Statement of Changes in Equity (Contd.)

For the year ended March 31, 2024

(₹ in Lakhs)

	Share application money pending allotment	Equity component of compound financial instrument	Reserves & Surplus				Debt instruments through other comprehensive income	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Revaluation surplus	Exchange difference on translating financial difference on foreign operation	Other items of other comprehensive income (specify nature)	Money received against share warrants	Total
			Capital reserve	Securities premium	General reserve	Retained earnings								
Balance at the beginning of the reporting year: April 01, 2022	**-**	**-**	**-**	**2,419.49**	**-**	**3,916.40**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,335.89**
Changes in accounting policy/prior year errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	3,015.21	-	-	-	-	-	-	-	3,015.21
Other comprehensive income	-	-	-	-	-	0.44	-	-	-	-	-	-	-	0.44
Total Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(228.64)	-	-	-	-	-	-	-	(228.64)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other Change (to be Specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting year: March 31, 2023	**-**	**-**	**-**	**2,419.49**	**-**	**6,703.41**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,122.90**

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M. No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Notes to Consolidated Financial Statement

For the year ended March 31, 2024

NOTE 1: CORPORATE INFORMATION

The Consolidated Financial Statements comprise financial statements of **AEROFLEX INDUSTRIES LIMITED** ("The Company" or "the Parent") and subsidiary (collectively referred to as "the Group") for the year ended March 31, 2024.

AEROFLEX INDUSTRIES LIMITED ("The Company") is a public limited company incorporated under the provision of Companies Act, 2013. The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE) during the year. The Company's registered office is at Plot No. 41, 42/13, 42/14 & 42/18, Near Taloja MIDC, Village Chal, Behind IGPL, Panvel, Navi Mumbai, Raigarh-410208. The Company is engaged in manufacturing of stainless steel flexible hose with braiding and without braiding and assemblies. The Company has its holding Company SAT Industries Limited, a listed Company, which holds 61.23% of the equity shares of the Company at the year ended.

The Company has its wholly owned foreign subsidiary named Aeroflex Industries Limited at London, United Kingdom ("The Subsidiary").

The Financial Statements has been approved in accordance with a resolution passed in Board Meeting held on May 06, 2024.

NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION

This note provides a list of the Material accounting policies adopted by the group in preparation of the Consolidated Financial statement. The Consolidated Financial Statements are for the Group consisting of the Company and its subsidiary Company.

A) Basis of Preparation, Presentation & Measurement of Financial Statement:

The Consolidated Financial Statements of the group have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (referred as Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time-to-time.

Accordingly, the Consolidated Financial Statements have been prepared these Financial Statements which comprise the Consolidated Balance Sheet as at March 31, 2024, the Statement of Consolidated Profit and Loss for the year ended March 31, 2024, the Statement of Consolidated Cash Flows for the year ended March 31, 2024 and the Statement of Changes in Equity for the year ended as on that date, and material accounting policies, and notes & other explanatory information (together hereinafter referred to as '**Consolidated Financial Statements**').

The Consolidated Financial Statements of the group are prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis, as per the provisions of the Companies Act, 2013 ("the Act"), except for certain financial assets and liabilities that are measured at fair value at the end of each reporting year. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services. Fair value is the price that would be received to sale an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments - measured at fair value; Assets held for sale - measured at fair value less cost of sale; Plan assets under defined benefit plans - measured at fair value Liability for cash settled - measured at fair value In addition, the carrying values of recognized assets and liabilities, designated as hedged items in fair value hedges that would otherwise be carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The Consolidated Financial Statements are presented in Indian Rupee (₹), which is the Company's functional currency and All amounts disclosed in financial statements and notes have been rounded off to the nearest Lakhs Rupees with two decimals, unless otherwise stated.

B) Basis of Consolidation:

i) The Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements. The Consolidated Financial Statements (CFS) include the financial statements of the Company and its subsidiaries and together with the share of the total comprehensive income of associates.

ii) The Consolidated Financial Statements are prepared using the Financial Statements of the Parent Company and Subsidiary Company drawn up to the same reporting date i.e March 31, 2024. Subsidiary Companies is the entity over which the Group has control.

iii) The financial statements of the Group companies are Consolidated on a line-by-line basis and all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions including unrealized gain/loss from such transactions between the Group are eliminated in full on consolidation. These financial statements are prepared by applying uniform accounting policies in use in the Group. Assets and liabilities with the functional currency other than the functional currency of the holding Company have been translated using the exchange rates prevailing on the date of the balance sheet. Statement of the profit and loss account of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of Profit & Loss under other comprehensive income/losses. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

C) Significant accounting estimates, judgments and assumptions:

The preparation of Consolidated Financial Statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement and the reported amount of revenues and expenses during the reporting period. The accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation. The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described as below. The Company based on its assumptions, judgments and estimates on parameters available, when the financial statements were prepared, the existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are the areas involving critical estimates and judgments:

- Impairment;
- Useful lifes of property, plant and equipment;
- Provision for litigations and contingencies;
- Recognition of Deferred Tax;
- Fair Valuation of Financial instruments;
- Valuation of inventories;
- Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position Provisions and Contingencies.

Managements Judgments related to the Provisions and contingencies, estimation of income tax payable and income tax expense in relation to an uncertain tax position and estimation of and are further areas involving critical estimates and judgments for which detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation

D) Current or Non-Current classification:

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

An asset is classified as current when it is:

i) Expected to be realized or intended to be sold or consumed in normal operating cycle;

ii) Held primarily for the purpose of trading;

iii) Expected to be realized within twelve months after the reporting period; or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified current when:

i) It is expected to be settled in normal operating cycle;

ii) Held primarily for the purpose of trading;

iii) It is due to be settled within twelve months after the reporting period; or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are classified as Non-Current assets and liabilities respectively.

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

Further the management of the group provide the inputs related to the particular assets & liability whether the same is recoverable & payable within the operating cycle and to be considered as current assets & liabilities or the same is recoverable or payable after the said operating cycle and to be considered as non-current. Auditor has classified the same based on the prudence of the same as given by the management.

E) Property, plant and equipment and intangible assets and Depreciation/Amortisation:

a) Property, plant and equipment (PPE):

Property, plant and equipment held for use in the production, supply or administrative purposes are stated in the Consolidated Balance sheet at cost less accumulated depreciation and impairment, if any.

Property, plant and equipment represent a significant proportion of the asset base of the group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

The cost of Property, Plant and Equipment comprises its purchase price (including the costs of materials/ components) net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance related to such assets which are in recurring nature and has no certainty of the useful life are charged to Statement of Profit and Loss during the year.

An item or part of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognized.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital work-in-progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any Property, Plant and Equipment.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs related to property, plant & equipment are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

b) Depreciation methods, estimated useful lives of PPE:

Depreciation is provided (other than Free hold Land and capital work-in-progress) on Written Down Value (WDV) method for the estimated useful life of assets as per Companies Act 2013. The estimated useful lives of assets for various class of assets are as follows:

Assets class	Period of useful life of Assets
Factory Building	30 Years
Addition to factory Building	3-10 Years
Server & Networks	6 Years
Plant & Machinery	25 Years
Computer	3 Years
Vehicles	6 Years
Workshop Tools & Equipment	8 Years
Testing Equipment	5 Years
Office Equipment	5 Years
Electrical Installation	5 Years
Furniture & Fixtures	10 Years

Fixed Assets purchased for specific projects will be depreciated over the periods of the project or the useful life stated as above, whichever is shorter. No Depreciation has been provided for the land.

Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition or till the date of sale/retirement.

The economic useful life of assets is assessed based on a technical evaluation, taking into account the nature of assets, the estimated usage of assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, maintenance history, etc. The estimated useful life is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

Where the cost of part of the asset is significant to the total cost of the assets and the useful life of that part is different from the useful of the remaining asset, useful life of that significant part is determined separately. Depreciation of such significant part, if any, is based on the useful life of that part.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

c) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Intangible development costs are capitalised as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable.

Intangible assets are stated at acquisition cost, net of accumulated amortization. The Company amortized intangible assets over their estimated useful lives using the Written Down method as per Companies Act, 2013. The Management has estimated the useful lives of intangible assets are as follows:

Computer Software	6 Years

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss and is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

F) Intangible Assets Under Development:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at the Consolidated balance sheet date has been disclosed under intangible assets - WIP.

G) Foreign Currency Transactions:

The Consolidated Financial Statements are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). The Consolidated Financial Statements are presented in Indian rupee (₹), which is the functional and presentation currency of the Company and the same is rounded off to the nearest Lakhs Rupees with two decimals.

For the preparation of the Consolidated Financial Statements all the assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereof, are translated to Indian Rupees at exchange rates prevailing at the reporting period end and income and expense items are translated at the weighted average exchange rates prevailing during the period.

All foreign currency transactions are recorded by applying to the foreign currency amount at the exchange rate between the functional currency and the foreign currency at the date of the transaction on initial recognition. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognized in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognized in the Statement of Profit and Loss.

All non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Foreign exchange fluctuation for the outstanding amount towards the capital goods, has been attributed to the cost of the fixed assets. Further the foreign exchange fluctuation for the outstanding amount of the foreign currency term loan has been shown separately under the exceptional item in the profit & loss account uniformly.

H) Revenue Recognition:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

i) Sales of Goods:

The Company recognizes revenue from sale of goods when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations and revenue under contracts with customers based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contracts with customers and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

Revenue from the sale of goods in the course of ordinary activities is recognized at the 'transaction price' when the goods are 'transferred' to the customer. The 'transaction price' is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (for example, goods and service tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. The revenue from sale is recognized when significant risk and reward of ownership/control have been transferred to the customer, which is mainly upon delivery, the amount of revenue can be measured reliable and recovery of the consideration is probable.

ii) Sale of services & Other Operating Revenue:

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations. Revenue from services are recognized in the accounting year in which service are rendered. For fixed price contracts, revenue is recognized based on actual services provided to the end of the reporting year as a proportion of the total services to be provided.

iii) Foreign Exchange Fluctuation in Export & Import:

As the Company has mainly engaged in export & import of goods therefore Profit and gains from the foreign exchange fluctuation from the receipts & payments of debtors & creditors and also the fluctuation on restatement of their balances at the year ended is forming part of the other operating revenue of the Company.

iv) Export benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

v) Other Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the normal interest rate as applicable. Other Income has been recorded where no significant uncertainty as to measurability or collectability exists.

I) Inventories:

Inventories are valued at lower of the cost and net realizable value considering the various other related parameters and uniformity of the valuation. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at after reviewing the cost and net realizable value considering the various other related parameters and uniformity of the valuation. Cost includes purchase price, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at cost of production till the date work completed. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average cost basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

J) Cash and cash equivalents:

For the purpose of presentation in the Consolidated Balance Sheet, Cash and Cash Equivalents comprises cash at bank and cash on hand and other short-term deposits including interest accrued thereon and highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

K) Taxation:

Income tax expense comprises current tax expenses and deferred tax expenses. Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

The current tax payable is based on the taxable profit for the year based on applicable rate of taxes of the particular country to which the group entities belongs. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using the tax rates tax laws that have been enacted or substantially enacted by the end of the reporting year.

Provisions for current income taxes are presented in the balance sheet after offsetting advance tax & TDS paid for the relevant year.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

L) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in profit or loss in the year in which they are accrued or incurred.

M) Provisions:

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). When some or all of the economic benefits required to settle, provisions are expected to be recovered from a third party, a receivable is recognized as an asset it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

N) Financial instruments:

Financial assets and financial liabilities are recognized when the group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Management classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

a) Financial Assets measured at Amortised Cost:

A Financial Asset is measured at amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

Impairment:

The group applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, other contractual right to receive cash or other financial assets not designated at fair value through profit or loss. The loss allowance for a financial instrument is equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increase significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal 12 months expected credit losses.

The 12 months expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within 12 months after the reporting date.

For trade receivables or any contractual right to receive cash or another financial assets that results from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. The Company has used a practical expedient permitted by Ind AS 109 and determines the expected credit loss allowance based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

De-recognition of Financial Assets:

The financial asset are derecognizes when the contractual right to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and the transfer qualifies for de-recognition under Ind AS 109. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income, if any, is recognized in the Statement of Profit or Loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of the financial asset.

Classification and Subsequent Measurement of Financial Liabilities:

a) Financial liabilities measured at Fair Value through Profit or Loss:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

b) Other Financial liabilities:

Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognized in the Statement of Profit and Loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Debt and Equity Instruments:

Classification:

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received net of direct issue costs.

Subsequent measurement:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Financial liabilities (that are not held for trading or not designated at fair value through profit or loss) are measured at amortized cost at the end of subsequent accounting year. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based in the effective interest method.

Effective interest method is a method of calculating amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Interest expenses of these financial liabilities are included in finance cost. Expenditure incurred for management of the finance of the Company are forming part of the finance cost.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and it is intended to either settle them on net basis or to realise the asset and settle the liability simultaneously.

Fair Value of Financial Instruments:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Foreign exchange gains and losses for assets & liabilities:

Financial Assets and liabilities denominated in a foreign currency and are measured at amortized cost at the end of each reporting year, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the Statement of Profit or Loss.

The fair value of financial assets and liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial Assets and liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in the Statement of Profit and Loss except in case of the amount outstanding to creditors towards the fixed assets where the amount is outstanding payable, in that case every year the difference in the exchange fluctuation has been adjusted towards the cost of the fixed assets so purchased and has to uniformly followed the practice.

De-recognition of Financial Liability:

A Financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the 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 between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

O) Employee Benefits:

The group has its subsidiary at different geographical location therefore under the Consolidated financial statement, the employee benefits has been considered as per the applicable provisions of that geographical location of the entities as provided in the relevant standalone balance sheet has been covered under the Consolidated financial statement.

Short-term Employee Benefits:

All employee Benefits such as Salaries, wages and short term compensated absences including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated Balance Sheet.

Post-employment benefits:

a) Defined contribution plans:

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Superannuation Schemes, Employees State Insurance which are defined contribution schemes. The contribution paid/payable under these schemes is recognized during the period in which the employee renders the related services which are recognized in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

Provident fund:

The employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are made to the provident fund and pension fund administered by the Regional Provident Fund Commissioner. The Company recognizes such contributions as an expense when incurred.

b) Defined benefit plans:

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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 year, regardless of when the actual settlement is expected to occur.

Gratuity:

The Group has an obligation towards gratuity. The gratuity liability of the group is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

P) Contingent Liabilities:

Contingent liability is:

a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;

b) A present obligation that arises from past events but is not recognized because:

   i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii) The amount of the obligation cannot be measured with sufficient reliability.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Freehold Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Air Conditioner	Computer	Electrical Installation	Testing Equipment	Workshop Tool & Equipment	Water Cooler	Total
Year nded as on March 31, 2024													
Opening Gross Carrying Amount	**1,621.39**	**2,429.50**	**6,721.66**	**377.56**	**61.31**	**182.35**	**29.10**	**229.87**	**521.95**	**85.18**	**361.31**	**25.62**	**12,646.80**
Additions	547.07	514.31	2,037.93	71.88	–	22.26	4.91	53.59	2.67	4.56	24.05	0.31	3,283.53
Exchange Difference	–	–	–	–	–	–	–	–	–	–	–	–	–
Assets include in a disposal group for sale	–	–	16.89	–	–	–	–	–	–	–	–	–	16.89
Disposals	–	–	–	–	–	–	–	–	–	–	–	–	–
Closing Gross Carrying Amount	**2,168.46**	**2,943.81**	**8,742.70**	**449.44**	**61.31**	**204.61**	**34.01**	**283.46**	**524.62**	**89.75**	**385.35**	**25.93**	**15,913.44**
Accumulated Depreciation	**–**	**1,739.41**	**3,820.14**	**307.56**	**37.44**	**151.60**	**24.81**	**186.06**	**504.91**	**68.71**	**236.01**	**15.81**	**7,092.46**
Depreciation charged during the year	–	92.63	349.50	20.18	9.52	14.53	3.02	45.71	1.47	8.73	44.50	4.43	594.22
Assets include in a disposal group for sale	–	–	10.53	–	–	–	–	–	–	–	–	–	10.53
Exchange Difference	–	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–	–	–	–
Closing Accumulated Depreciation	**–**	**1,832.04**	**4,159.11**	**327.74**	**46.96**	**166.13**	**27.83**	**231.77**	**506.38**	**77.43**	**280.51**	**20.24**	**7,676.16**
Net Carriying Amount	**2,168.46**	**1,111.77**	**4,583.59**	**121.70**	**14.35**	**38.48**	**6.17**	**51.68**	**18.24**	**12.31**	**104.84**	**5.69**	**8,237.28**
Year ended as on March 31, 2023													
Opening Gross Carrying Amount	**1,621.39**	**2,396.68**	**5,382.83**	**356.18**	**61.31**	**166.94**	**25.74**	**190.97**	**521.46**	**87.76**	**348.96**	**15.12**	**11,175.36**
Additions	–	32.82	1,333.39	21.38	–	15.40	3.36	38.89	0.49	0.43	12.34	10.50	1,469.00
Exchange Difference	–	–	5.44	–	–	–	–	–	–	–	–	–	5.44
Assets include in a disposal group for sale	–	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	(3.00)	–	–	(3.00)
Closing Gross Carrying Amount	**1,621.39**	**2,429.50**	**6,721.66**	**377.56**	**61.31**	**182.35**	**29.10**	**229.87**	**521.95**	**85.18**	**361.31**	**25.62**	**12,646.80**
Accumulated Depreciation	**–**	**1,653.43**	**3,556.26**	**292.66**	**21.98**	**136.53**	**23.17**	**155.61**	**504.51**	**53.81**	**183.08**	**12.42**	**6,593.46**
Depreciation charged during the year	–	85.98	263.88	14.91	15.45	15.07	1.64	30.45	0.39	14.90	52.92	3.39	499.00
Assets include in a disposal group for sale	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange Difference	–	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–	–	–	–
Closing Accumulated Depreciation	**–**	**1,739.41**	**3,820.14**	**307.56**	**37.44**	**151.60**	**24.81**	**186.06**	**504.91**	**68.71**	**236.01**	**15.81**	**7,092.46**
Net Carriying Amount	**1,621.39**	**690.09**	**2,901.52**	**70.00**	**23.87**	**30.74**	**4.29**	**43.80**	**17.04**	**16.48**	**125.30**	**9.81**	**5,554.33**

Note: The Company has not revalued Property, Plant and equipments during the year.

NOTE 4: INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Software & Licences	Total
Year ended as on March 31, 2024		
Opening Gross Carrying Amount	**152.47**	**152.47**
Additions	14.15	14.15
Exchange Difference	-	-
Assets include in a disposal group for sale	-	-
Disposals	-	-
Closing Gross Carrying Amount	**166.62**	**166.62**
Accumulated Depreciation	**75.03**	**75.03**
Depreciation charged during the year	31.97	31.97
Assets include in a disposal group for sale	-	-
Exchange Difference	-	-
Disposals	-	-
Closing Accumulated Depreciation	**106.99**	**106.99**
NET CARRIYING AMOUNT	**59.63**	**59.63**
Year Ended as on March 31, 2023		
Opening Gross Carrying Amount	**81.41**	**81.41**
Additions	71.06	71.06
Exchange Difference	-	-
Assets include in a disposal group for sale	-	-
Disposals	-	-
Closing Gross Carrying Amount	**152.47**	**152.47**
Accumulated Depreciation	**52.10**	**52.10**
Depreciation charged during the year	22.92	22.92
Assets include in a disposal group for sale	-	-
Exchange Difference	-	-
Disposals	-	-
Closing Accumulated Depreciation	**75.03**	**75.03**
NET CARRIYING AMOUNT	**77.44**	**77.44**

NOTE 5: NON-CURRENT - OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Security Deposits	345.84	55.97
Total	**345.84**	**55.97**

NOTE 6: DEFERRED TAX

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance for Deferred tax Assets/(Liabilities)	(28.02)	(5.81)
Add/Less: Deferred Tax Assets/(Liabilities) for Depreciation Difference	(42.28)	(22.21)
Add/Less: Deferred Tax Assets/(Liabilities) for Gratuity	(1.65)	-
DEFERRED TAX ASSETS/(LIABILITY) - Refer Note 1 & 2	**(71.95)**	**(28.02)**

NOTE 6: DEFERRED TAX (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance for Deferred tax Assets/(Liabilities)	–	–
Add/Less: Deferred Tax Assets/(Liabilities) for the year	–	–
DEFERRED TAX ASSETS	**–**	**–**
Net amount charged to Statement of Profit and Loss	**(43.93)**	**(22.21)**
Deferred tax liabilities (net)	**(71.95)**	**(28.02)**

Note:

1. The Amount has arisen on account of Difference between the depriciation of Companies Act and Income Tax Act.

2. The Amount has arisen on account of Provision on Gratuity.

NOTE 7: NON-CURRENT - OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance to Supplier	243.07	2.01
Repair & Maintenance (To be amortised)	60.18	162.55
Retention Money	1.58	1.88
IPO Related Expenses	–	35.38
Total	**304.83**	**201.82**

NOTE 8: CURRENT - INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Material in Stock	2,071.81	2,361.85
Work in Progress in Stock	3,517.56	2,935.92
Finished Goods in Stock	304.87	302.92
Total	**5,894.24**	**5,600.70**

* Stock are Valued at Cost or Net realisable value whichever is lower.

NOTE 9: TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Trade Receivables considered good - secured	–	–
(b) Trade Receivables considered good - unsecured	9,456.89	6,681.62
(c) Trade Receivables which have significant increase in Credit Risk	15.40	15.40
(d) Trade Receivables - Credit Impaired	–	–
	9,472.28	**6,697.02**
Less: Allowance for doubtful debts		
Total	**9,472.28**	**6,697.02**

Note 9.1: No trade receivables are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member, other than dues from related parties.

Trade receivables ageing schedule as at March 31, 2024

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 months	6 months–1 year	1–2 years	2–3 years	More than 3 years	
(i) Undisputed Trade Receivables – considered good	8,574.78	647.33	200.51	19.07	15.19	9,456.89
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	15.40	15.40
(iii) Undisputed Trade Receivables – credit impaired	–	–	–	–	–	–
(iv) Disputed Trade Receivables	–	–	–	–	–	–
(v) Disputed Trade Receivables – credit impaired	–	–	–	–	–	–
(vi) Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–
Total	**8,574.78**	**647.33**	**200.51**	**19.07**	**30.59**	**9,472.28**

Trade receivables ageing schedule as at March 31, 2023

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 months	6 months–1 year	1–2 years	2–3 years	More than 3 years	
(i) Undisputed Trade Receivables – considered good	5,501.14	1,103.21	19.07	33.40	24.80	6,681.62
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	15.40	15.40
(iii) Undisputed Trade Receivables – credit impaired	–	–	–	–	–	–
(iv) Disputed Trade Receivables – considered good	–	–	–	–	–	–
(v) Disputed Trade Receivables – credit impaired	–	–	–	–	–	–
(vi) Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–
Total	**5,501.14**	**1,103.21**	**19.07**	**33.40**	**40.19**	**6,697.02**

NOTE 10: CASH & CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand		
In Rupees	4.75	0.31
In Foreign Currency	4.78	5.57
Balances with banks:		
On current accounts	548.26	607.30
Fixed deposits with maturity of less than 3 months	7,092.24	–
Total	**7,650.03**	**613.18**

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

*Includes interest accrued ₹ 117.24 Lakhs (pr. yr. ₹ 0.00 Lakhs).

NOTE 11: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENT

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date	2,922.28	12.11
Total	**2,922.28**	**12.11**

*Includes interest accrued ₹ 29.43 Lakhs (pr. yr. ₹ 0.10 Lakhs).

NOTE 12: CURRENT - OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Advances other than capital advances		
Advance to Suppliers	818.29	2,164.78
Other Advances		
Balance with Revenue Authorities	1,080.30	252.05
Prepaid Expenses	97.98	42.75
Advance to Employees	72.37	61.34
Total	**2,068.94**	**2,520.92**

NOTE 13: SHARE CAPITAL

a) Shares Details:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Authorised Share Capital				
Equity Shares of ₹ 2/- each	17,50,00,000	3,500.00	17,50,00,000	3,500.00
Series "A" Compulsorily Convertible Preference Shares of ₹ 10/- each	10,00,000	100.00	10,00,000	100.00
Series "A" Compulsorily Convertible Preference Shares of ₹ 200/-	10,00,000	2,000.00	10,00,000	2,000.00
	17,70,00,000	**5,600.00**	**17,70,00,000**	**5,600.00**
Issued, Subscribed & Paid up				
Equity Shares of ₹ 2/- each	12,93,20,370	2,586.41	11,43,20,370	2,286.41
Total	**12,93,20,370**	**2,586.41**	**11,43,20,370**	**2,286.41**

b) Reconciliation of Equity shares:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year/quarter	11,43,20,370	2,286.41	2,28,64,074	2,286.41
Cancelled shares	NIL	NIL	(2,28,64,074)	(2,286.41)
Fresh shares issued on account of split of shares at face value of ₹ 2/- each	NIL	NIL	11,43,20,370	2,286.41
Shares Issued during the year	1,50,00,000	300.00	NIL	NIL
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	**12,93,20,370**	**2,586.41**	**11,43,20,370**	**2,286.41**

c) Shares held by its holding Companies:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	%	No. of Shares	%
SAT Industries Limited	7,91,81,833	61.23%	10,53,77,040	92.18%

d) Name of the shareholders holding more than 5% Equity shares in the Company:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	%	No. of Shares	%
SAT Industries Limited	7,91,81,833	61.23%	10,53,77,040	92.18%
Italica Global FZC	74,54,830	5.76%	74,54,830	6.52%

Note:

13.2: The Company has only one class of shares referred to as the equity shares having face value of ₹ 2/- each. Each holder of equity share is entitled to one vote per share. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by the Shareholders at the Annual General Meeting.

13.3: No Equity shares have been forfeited.

13.4: There are no calls unpaid on equity shares.

13.5: The Company has not allotted any shares pursuant to contract without payment being received in cash.

NOTE 14: OTHER EQUITY

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
1. Securities Premium		
As per the last year accounts	2,419.49	2,419.49
Add: Addition during the year	15,900.00	-
Less: IPO Issue Expenses*	2,239.41	-
	16,080.08	**2,419.49**
2. Retained Earnings		
As per the last year accounts	6,702.92	3,916.34
Add: Surplus for the year	4,173.40	3,015.21
	10,876.31	**6,931.56**
Less: Dividend on equity shares	228.64	228.64
	10,647.67	**6,702.92**
3. Equity Instruments through Other Comprehensive Income		
As per the last year accounts	0.49	0.05
Add: Addition during the year	0.33	0.44
	0.82	**0.49**
Total	**26,728.57**	**9,122.90**

*** Securities Premium:**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve is utilised in accordance wit the provisions of the Companies Act, 2013.

*** Retained Earnings:**

This Reserve represents the cumulative profits of the Company and effects of re-measurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

NOTE 15: NON-CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured Loans:		
From Bank & Financial Institution		
Term Loan		
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	145.00
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	1,522.19
Kotak Mahindra Bank Ltd - ECLGS (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	289.32
Kotak Mahindra Bank Ltd - Vehicle Loan (Secured against hypothecation of Bus)	6.34	12.12
Total	**6.34**	**1,968.63**

(a) Term loan from Kotak Mahindra Bank Limited is secured against hypothecation of Bus no. MH46 BM 7420. The loan is repayable in 60 equated monthly instalments of ₹ 55,614/- each commencing from April 15, 2021 and the last instalment is payble on March 15, 2026 Rate of Interest as on March 31, 2024 is @ 9.48%. There was no continuing default in the repayment of instalment and interest thereon.

NOTE 16: NON-CURRENT - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of creditors towards Capital Goods	-	98.57
Total	**-**	**98.57**

NOTE 17: CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured Loans		
From Bank & Financial Institution		
Term Loan		
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	1,153.58
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	362.48
Kotak Mahindra Bank Ltd - ECLGS (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	294.25

NOTE 17: CURRENT BORROWINGS (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Kotak Mahindra Bank Ltd – Car Loan (Secured against hypothecation of Motor Car)	–	10.82
Kotak Mahindra Bank Ltd – Vehicle Loan (Secured against hypothecation of Bus)	5.77	5.25
Unsecured Loans		
From Related Parties	–	–
From Non Related Parties	–	705.59
Total	**5.77**	**2,531.97**

(a) Term loan from Kotak Mahindra Bank Limited is secured against hypothecation of Bus no. MH 46 BM 7420. The loan is repayable in 60 equated monthly instalments of ₹ 55,614/- each commencing from April 15, 2021 and the last instalment is payble on March 15, 2026 Rate of Interest as on Match 31, 2024 is @ 9.48%. There was no continuing default in the repayment of instalment and interest thereon.

NOTE 18: TRADE PAYABLE

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	322.10	883.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,192.16	2,779.96
Total	**5,514.26**	**3,663.05**

Note: There are no unbilled and Not due trade payables, hence the same are not disclosed in the ageing schedule.

Trade payables ageing schedule as at March 31, 2024

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 months	6 months– 1 year	1–2 years	2–3 years	More than 3 year	
i) Undisputed – Micro & small enterprises	322.10	–	–	–	–	322.10
ii) Undisputed Others	5,189.76	–	–	–	2.40	5,192.16
iii) Disputed dues – Micro & small enterprises	–	–	–	–	–	–
iv) Disputed dues – Others	–	–	–	–	–	–
Total	**5,511.86**	**–**	**–**	**–**	**2.40**	**5,514.26**

Trade payables ageing schedule as at March 31, 2023

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 months	6 months– 1 year	1–2 years	2–3 years	More than 3 year	
i) Undisputed – Micro & small enterprises	883.08	–	–	–	–	883.08
ii) Undisputed Others	2,777.56	–	–	–	2.40	2,779.96
iii) Disputed dues – Micro & small enterprises	–	–	–	–	–	–
iv) Disputed dues – Others	–	–	–	–	–	–
Total	**3,660.64**	**–**	**–**	**–**	**2.40**	**3,663.05**

NOTE 19: CURRENT – OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory due payable	110.96	34.90
Advance from customer	554.95	473.21
Amount payable for capital goods	892.85	39.32
Other liabilities	838.11	543.63
Total	**2,396.88**	**1,091.05**

NOTE 20: CURRENT – CURRENT TAX LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Tax (Net of Advance Tax & TDS)	186.77	607.16
Total	**186.77**	**607.16**

NOTE 21: REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of Products		
– Finished Goods – Domestic Sales	5,139.62	4,553.95
– Finished Goods – Export Sales	26,019.50	21,718.02
Total	**31,159.12**	**26,271.97**
Other Operating Revenue		
Foreign Exchange Fluctuation	391.26	531.33
Misc. Operating Revenue	240.35	142.80
Total	**31,790.73**	**26,946.10**

NOTE 22: OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income		
– On fixed deposits designated as amortized cost	278.22	0.44
– On Others	–	1.27
Profit on sale of Fixed Assets	–	0.50
Insurance Claim Received	–	–
Income Tax Refund	–	1.69
Other Income	106.11	–
Total	**384.32**	**3.90**

NOTE 23: COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock of Raw Material & Consumables	2,354.79	2,121.71
Add: Purchase of Raw Material & Consumables	20,440.89	19,084.20
	22,795.68	**21,205.91**

NOTE 23: COST OF MATERIAL CONSUMED (Contd.)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Less: Closing Stock of Raw Material & Consumables	2,071.81	2,354.79
Total	**20,723.88**	**18,851.12**

NOTE 24: CHANGE IN INVENTORIES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventories at the beginning of the year		
– Work-in-progress	2,935.92	738.74
– Finished goods	302.92	721.73
	3,238.84	**1,460.47**
Less: Inventories at the end of the year		
– Work-in-progress	3,517.56	2,935.92
– Finished goods	304.87	302.92
	3,822.43	**3,238.84**
Decrease/(Increase) in Inventories	**(583.59)**	**(1,778.37)**

NOTE 25: EMPLOYEES BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salary, Wages, Bonus and Other Benefits	2,343.41	2,016.28
Contribution to Provident Fund, ESIC and other funds	103.50	84.00
Gratuity fund contributions	16.54	89.64
Staff welfare expenses	156.72	125.22
Total	**2,620.18**	**2,315.14**

NOTE 26: FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Interest Expense		
(i) Interest on borrowing	176.11	284.55
(ii) Interest on delayed payment of taxes	15.46	0.16
(iii) Foreign Exchange Fluctuation on Packing Credit	–	–
(b) Other borrowing costs – Bank Processing Charges	15.48	43.99
(c) Interest to Others	6.82	14.69
Total	**213.86**	**343.39**

NOTE 27: DEPRECIATION AND AMORTIZATION EXP

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation Cost	594.22	499.00
Amortization Cost	31.97	22.92
Total	**626.00**	**521.93**

NOTE 28: OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Electricity and Power	407.29	257.57
Repair & Maintenance	765.17	575.38
Processing Labour Charges	65.88	72.76
Testing and Calibration Charges	26.69	13.71
Cylinder Rent	5.40	5.40
Export Freight, Handling, Clearing & Other Charges	376.76	225.83
Carriage Outward	65.76	105.26
Commission Expenses	50.42	38.50
Consultancy Charges	193.37	258.24
Depository Fees Expense	1.56	0.56
Water Charges	4.22	6.83
Rates & Taxes	28.34	15.75
Conveyance & Travelling Expenses	342.46	234.82
Bank Charges & Commission	49.47	32.77
Office Expenses	183.27	181.23
Insurance Charges	59.35	57.13
Printing & Stationary	29.28	22.09
Telephone & Communication Expenses	30.39	22.75
Auditor Remuneration	8.62	11.98
Miscellaneous Expenses	37.39	52.17
Advertisement and Publicity	7.04	4.05
Business Promotion Expenses	5.80	1.94
CSR Activity Expenses	57.50	38.25
Loss on Sale of Fixed Assets	1.36	–
Exchange Fluctuation on Foreign Currency Term Loan	46.73	–
Sundry Balances Written off	–	31.59
Total	**2,849.51**	**2,266.56**

NOTE 29: EARNINGS PER SHARE

Particulars	As at March 31, 2024	As at March 31, 2023
Net profit after taxation for the year (₹ in Lakhs)	4,173.72	3,015.65
Total Number of Equity shares	12,93,20,370	11,43,20,370
Weighted Average number of Equity Shares for Basic/Diluted EPS	12,31,97,082	11,43,20,370
Nominal Value of Equity Shares (₹)	2.00	2.00
Basic/Diluted earnings per Equity Share (₹)	3.39	2.64

NOTE 30: REMUNERATION TO AUDITORS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Audit Fee	5.62	5.98
Other Matters	7.05	6.00

NOTE 31: DETAILS OF SUBSIDIARY

Particulars	Country of Incorporation	% of Ownership Interest As at March 31, 2024	% of Ownership Interest As at March 31, 2023
Aeroflex Industries Limited	United Kingdom	100.00%	100.00%

NOTE 32: CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities: ₹ 57.50 Lakhs (Previous Year: 31.50 Lakhs)

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Gross amount required to be spent by the Company during the year	57.46	31.05
ii) amount of expenditure incurred	57.50	38.25
iii) Shortfall at the end of the year	–	–
iv) Total of previous year's shortfall	–	6.75
v) Nature of CSR activities:		
1) Construction/acquisition of any asset	–	–
2) On purposes other than (i) above – Health and education & Contribution to eligible Trust for CSR Related Activities.	57.50	38.25

vi) Out of the above spending, ₹ 57.50 Lakhs (Previous Year ₹ 30.50 Lakhs) contributed to SAT Foundation (Formerly Known as: Taha Charitable Trust) which is related party.

vii) The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

NOTE 33: INITIAL PUBLIC OFFER DURING THE YEAR

During the year ended March 31, 2024, the Company has completed its Initial Public Offer (IPO) of 1,50,00,000 equity shares of face value of ₹ 2/- each at an issue price of 108 per share (including a share premium of ₹ 106 per share). The issue comprised of a fresh issue of 1,50,00,000 equity shares and offer for sale of 1,75,00,000 equity shares by selling shareholders. Pursuant to the IPO, the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on August 31, 2023. The offer expenses incurred by the Company is for ₹ 2,239.41 Lakhs which has been adjusted to securities premium.

(₹ in Lakhs)

Particulars	Objects of the issue as per prospectus	Objects of the issue revised	Utilized till March 31, 2024	Unutilized amount as at March 31, 2024
Repayment and/or pre-payment, in full or part, of certain borrowings availed by Company	3,200.00	3,200.00	3,200.00	–
Funding working capital requirements of the Company	8,400.00	8,400.00	4,965.40	3,434.60
General corporate purposes	2,001.10	2,001.10	535.00	1,466.10
Total	**13,601.10**	**13,601.10**	**8,700.40**	**4,900.70**

- Net proceeds which were unutilized as at March 31, 2024 were kept in escrow account with Kotak Mahindra bank under Bank Balance & Fixed Deposits.

NOTE 34: CAPITAL WORK IN PROGRESS (CWIP)

The Group has incurred expenses towards setting up & commissioning and for purchase of the equipment for the expansion project and the same has been shown under the capital work in progress for the Company. The expenses so incurred for the New project's work in progress and which is not ready for put to use till the year ended is for ₹ 537.83 Lakhs. The Ageing schedule of tangible assets under CWIP is as follows:

(₹ in Lakhs)

Capital Work in Progress (Tangible Assets)	Amount of CWIP for the year ended March 31, 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Expansion Projects in progress	537.83	–	–	–	537.83

(₹ in Lakhs)

Capital Work in Progress (Tangible Assets)	Amount of CWIP for the year ended March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Expansion Projects in progress	64.25	–	–	–	64.25

NOTE 35: INTANGIBLE ASSETS UNDER DEVELOPMENT

The expenses so incurred is for ₹ 3.78 Lakhs which has been shown under the intangible assets WIP is towards new software development in process which will be completed in the coming year and the same will be capitalized in the year in which the development of the same will be completed and put to use for the Company.

(₹ in Lakhs)

Capital Work in Progress (Intangible Assets)	Amount of CWIP for the year ended March 31, 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
New Software under development	3.78	–	–	–	3.78

(₹ in Lakhs)

Capital Work in Progress (Intangible Assets)	Amount of CWIP for the year ended March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
New Software under development	–	–	–	–	–

NOTE 36: RELATED PARTY DISCLOSURES

i.	Key Management Personnel	
	– Asad Daud	Managing Director
	– Mustafa Abid Kachwala	Whole-Time Director & CFO
	– Kinjal Shah	Company Secretary & Compliance Officer
ii.	Wholly Owned Subsidiary Company of the Holding Company	Italica Global FZC
iii.	Wholly Owned Subsidiary Company	Aeroflex Industries Ltd – London UK
iv.	Holding Company	SAT Industries Limited
v.	SAT Foundation	Directors' relative is a trustee

During the year following transactions were carried out with the related parties in the ordinary course of business at arm's length price:

(₹ in Lakhs)

Particulars	Nature of Transaction	As at March 31, 2024	As at March 31, 2023
Asad Daud	Director Remuneration	95.56	83.10
	Dividend Paid	0.001	0.001
Mustafa A Kachwala	Director Remuneration	11.60	10.64
	Dividend Paid	0.001	0.001

During the year following transactions were carried out with the related parties in the ordinary course of business at arm's length price: (Contd.)

(₹ in Lakhs)

Particulars	Nature of Transaction	As at March 31, 2024	As at March 31, 2023
SAT Industries Ltd	Interest on Loan	-	7.69
	Expenses Paid & Recovered	714.41	400.00
	Financial Management Charges with GST	53.10	111.82
	Dividend Paid	193.36	210.75
Kinjal Shah	Salary Paid	9.20	5.87
Deepak Kalera	Salary Paid	-	16.00
Italica Global FZC	Sales	581.23	374.03
	Dividend Paid	14.91	14.91
SAT Foundation	CSR Expenditure	57.50	30.50

NOTE 37: INFORMATIONS RELATED TO MICRO, SMALL & MEDIUM ENTERPRISES

The Group has amount due to suppliers under Micro, Small and Medium Enterprises Development Act 2006 (MSMED) as at March 31, 2024. The following information has been given in respect to such suppliers who have identified themselves as "Micro, Small & Medium Enterprises" under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as at March 31, 2024:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Outstanding Amount	322.10	883.08

There are no Micro, Small and Medium Enterprises, to whom the Company owes (principal and/or interest), which has been outstanding for more than 45 days as at the balance sheet date. There were delay in payments to Micro, Small and Medium Enterprises for more than 45 days during the year for which no provision for interest has been made. As per the management, the Company has mutual understanding with such parties for different payment terms while purchasing materials from them and the payment to them is made as per agreed terms accordingly. As per management there are no MSME registered parties with whom the Company has any dispute related to the principal or interest towards the delay payments so happened during the year over and above the agreed terms of payment.

NOTE 38: DIVIDEND

The holding Company has declared dividend for the FY 2022-23 in the Annual General meeting of the Company held on July 08, 2023. The dividend so declared has been accounted and adjusted during the year from the brought forward balances of the profit & loss account.

NOTE 39: FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

1) Capital Management:

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals, borrowings etc. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings		
Long term and Short term borrowings	6.34	2,674.22
Current maturities of Long term borrowings	5.77	1,826.38
Less: cash and cash equivalents	7,650.03	613.18
Less: Bank balances other than cash and cash equivalents	2,922.28	12.11
Adjusted net debt	**(10,560.20)**	**3,875.31**
Total Equity	29,314.98	11,409.31
Adjusted net debt to adjusted equity ratio	**(0.36)**	**0.34**

2) Categories of financial instruments and fair value:

The Carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy are presented below. It does not include fair value information for those financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in Lakhs)

Particulars	Note	As at March 31, 2024		As at March 31, 2023	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets					
Measured at amortized cost					
i) Cash and Cash Equivalent	10	7,650.03	7,650.03	613.18	613.18
ii) Other Bank Balance	11	2,922.28	2,922.28	12.11	12.11
iii) Trade Receivables	9	9,472.28	9,472.28	6,697.02	6,697.02
iv) Other Financial Assets - Non-Current	5	345.84	345.84	55.97	55.97
v) Other Financial Assets - Current	12	2,068.94	2,068.94	2,520.92	2,520.92
Total Financial assets		**22,459.37**	**22,459.37**	**9,899.20**	**9,899.20**
Financial Liabilities					
Measured at amortized cost					
i) Cash Credit Facilities		-	-	-	-
ii) Borrowings - Non-Current	15	6.34	6.34	1,968.63	1,968.63
iii) Borrowings - Current	17	5.77	5.77	2,531.97	2,531.97
iv) Trade payables	18	5,514.26	5,514.26	3,663.05	3,663.05
v) Other Financial Liabilities - Non-Current	16	-	-	98.57	98.57
vi) Other Financial Liabilities - Current	19	2,396.86	2,396.86	1,091.05	1,091.05
vii) Current Tax Liabilities (Net)	20	186.77	186.77	607.16	607.16
Total financial liabilities		**8,110.03**	**8,110.03**	**9,960.42**	**9,960.42**

The financial instruments are categorized into following levels based on the inputs used to arrive at fair value measurements described below:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

3) Financial Risk Management:

The activities of the Group expose it to a number of financial risks namely market risk, credit risk and liquidity risk. The Company seeks to minimize the potential impact of unpredictability of the financial markets on its financial performance. The Group does regularly monitor, analyze and manage the risks faced by the Company and to set and monitor appropriate risk limits and controls for mitigation of the risks.

A) Management of Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three type of risk ie. interest rate risk, price risk and currency rate risk. Financial instrument affected by market risk includes borrowings and investments. The Company has international trade operations and is exposed to a variety of market risks, including currency and interest rate risks.

i) Management of interest rate risk:

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Group is having least interest rate risk since it has repaid the major borrowing during the year. Further the outstanding borrowing has the fixed rate of interest which is repayable in installments for the term loan availed by it from bank.

ii) Management of currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has foreign currency trade receivables and payable and advances given to suppliers and received from customers. The Group mitigates the foreign exchange risk by setting appropriate exposure limits, periodic monitoring of the exposures etc. The exchange rates have been volatile in the recent period and may continue to be volatile in the future. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies.

Exposure to currency risk:

The Group has exposure mainly in USD/EURO/GBP converted to functional currency i.e. INR. The Group has the following financial assets and financial liabilities as at March 31, 2024:

(₹ in Lakhs)

Particulars	Exposure Currency	As at March 31, 2024	As at March 31, 2023
Financial Assets	USD	7,936.33	5,631.05
	EUR	1,230.35	1,099.98
	GBP	109.45	122.20
	AED	0.14	0.14
	CNY	0.11	0.11
Total		**9,276.38**	**6,853.47**
Financial Liabilities	USD	748.90	1,052.75
	EUR	93.44	3,281.82
	GBP	28.71	4.00
Total		**871.05**	**4,338.57**

iii) Management of price risk:

The group has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs. The Company's commodity risk is managed centrally through well-established control processes and also future market position in accordance with the risk management policy. Further the group invests its surplus funds in deposits with banks on short term tenors on fixed interest rate and the same is not exposed to any price risk. This risk is mitigated by investing the funds in various tenors depending on the liquidity needs of the group.

B) Management of Credit Risk:

Credit risk refers to the risk of default on its obligations by a counter party to the Group resulting in a financial loss to the Group. The Group is exposed to credit risk from its operating activities i.e. trade receivable, foreign exchange transactions and financial instruments. Credit risk from trade receivables is managed through the Company's policies, procedures and controls relating to customer credit risk management by establishing credit limits, credit approvals and monitoring creditworthiness of the customers to which the Group extends credit in the normal course of business. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed. The Company's historical experience of collecting receivables and level of default indicate that credit risk is low and generally uniform across markets consequently, trade receivables are considered to be a single class of financial assets.

All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management. The Group has receivable at the year ended where in the debtor's parties are under NCLT. The total amount receivable from such debtors is for ₹ 15.40 Lakhs. The management is hopeful to receive the same therefore the same has been considered good at the year ended.

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured		
– Considered good	9,472.28	6,697.02
Gross Trade Receivables	**9,472.28**	**6,697.02**
Less: Loss Allowance	–	–
Net Trade Receivables	**9,472.28**	**6,697.02**

C) Management of Liquidity Risk:

Liquidity risk is the risk that the Group may not be able to meet its present and future cash obligations without incurring unacceptable losses. The Group's objective is to maintain at all times, optimum levels of liquidity to meet obligations. The Group closely monitors its liquidity position and has a cash management system. The Company maintains adequate sources of financing including debt and overdraft from banks and financial markets at optimized cost. The Group's current assets aggregate to ₹ 28,007.77 Lakhs (PY 2023: ₹ 15,443.93 Lakhs) including cash and cash equivalents and other bank balances of ₹ 10,572.31 Lakhs (PY 2023: ₹ 625.29 Lakhs) against an aggregate current liability of ₹ 8,103.68 Lakhs (PY 2023: ₹ 7,893.23 Lakhs) Non-Current liabilities due between one year to three years amounting to ₹ NIL (PY 2023: 98.57) and Non-Current liabilities due after three years amounting to NIL (PY 2023: NIL) on the reporting date. Further, while the group's total equity stands at ₹ 29,314.98 Lakhs (PY 2023: ₹ 11,409.31), it has Non-Current borrowings of ₹ 6.34 Lakhs (PY 2023: ₹ 1,968.63). In such circumstances, liquidity risk or the risk that the group may not be able to settle or meet its obligation as they become due does not exist.

NOTE 40: EMPLOYEE BENEFITS

A) Defined Contribution Plan:

Provident Fund: The contribution to the provident fund of employees are made to a government administered provident fund and there are no further obligations beyond making such contribution.

B) Defined Benefit Plan:

Gratuity: The Group participates in the employee's group gratuity-scheme of life insurance corporation limited, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the payment of gratuity (Amendment) act, 1997, or as per Company's scheme whichever is more beneficial to the employees. The Group made payments for the gratuity for the year ended based on the actuarial valuation of the gratuity liability as done by the LIC and the same has been provided in the books of accounts. Payments of the Group to such gratuity fund has been considered as expenditure for the year and the fund laying with LIC under the gratuity fund is not been accounted as assets as the same is towards the defined future liability of the Company.

Provident fund: The Group makes provident fund contribution to the government administered provident fund. The Group has no part to play in this respect.

C) Amounts Recognized as Expense:

i) **Defined Contribution Plan:** Employer's contribution to provident fund amounting to ₹ 89.44 Lakhs has been included under contribution to provident funds.

ii) **Defined Benefit Plan:** Gratuity amount payable for ₹ 16.54 Lakhs till the year ended out of which ₹ 10 Lakhs has been paid to the LIC gratuity fund as calculated based on actuarial valuation of the gratuity made by the Life Insurance Corporation and the balance amount has been shown as payable at the year ended.

NOTE 41: FOREIGN EXCHANGE INFLOW & OUTFLOW

The following are the total inflow and outflow of the Foreign Exchange:

a) Foreign Exchange inflow:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
F.O.B Value of Exports	24,463.28	21,404.67
Total	**24,463.28**	**21,404.67**

b) Foreign Exchange Outflow:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Traveling & Hotel Expenses	139.57	129.94
Payment Towards Services & Other Expenses	14.73	54.45
Total	**195.64**	**184.39**

c) CIF Value of Import:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Material & Fittings	5,080.67	8,343.93
Capital Goods	342.25	261.23
Total	**5,422.92**	**8,605.16**

NOTE 42: DERIVATIVES & FORWARD CONTRACT INSTRUMENTS

There are no outstanding derivative instruments as on March 31, 2024. Foreign currency Exposures at the year-end that has not been hedged by the Group using any derivative instrument or otherwise are given below:

(₹ in Lakhs)

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Amount Receivable in foreign Currency			
1) For Export of Goods	INR	8,339.22	6,011.94
	USD	84.29	60.12
	EUR	13.58	10.57
	GBP	0.82	1.20
2) Advance to Suppliers	INR	553.33	119.00
	USD	6.64	1.46
	EUR	-	-
	GBP	-	-
Amount Payable in Foreign Currency			
1) Import of Goods	INR	273.38	938.03
	USD	3.00	11.36
	EUR	0.22	0.04
2) Advance - Customers	INR	575.81	504.17
	USD	5.82	6.00
	EUR	0.94	0.12
	GBP	0.06	-
3) Spares & Others	INR	21.86	98.57
	USD	0.15	-
	EUR	0.10	1.10
4) Foreign Currency Term Loan	INR	-	3,183.25
	EUR	-	35.52

NOTE 43: SEGMENT INFORMATION

The group operates in a single segment i.e. manufacturing of product, hence segment-wise reporting is not applicable as required in accordance with Ind AS 108.

NOTE 44: UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

I) The group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other source or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) the Intermediary (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

II) The group has not received any fund from any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTE 45: OTHER DISCLOSURES

I) In the opinion of the Board of Directors of the group, the current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate and are not in excess of the amount considered reasonably necessary. Sundry debtors and creditors balances which are not receivable or payable due to operational reasons, has been written off or written back during the year and accounted accordingly.

II) Additional liability if any, arising pursuant to respective assessment under various fiscal statues, shall be accounted for by the group in the year of assessment. Also interest liability for the delay payment of the statutory dues, if any, has been accounted for in the year in which the same are being paid.

III) The group has not traded or invested in crypto currency or virtual currency during the financial year.

IV) As per informations available, the Company has no transactions which are not recorded in the books of accounts and which are surrendered or disclosed as income during the year in the tax assessment or in search or survey or under any other relevant provisions of the Income Tax Act, 1961.

V) All the immovable properties held by the holding Company. The Title deeds of all the immovable properties held by the Company are in the name of the holding Company which is possessing the immovable property. No revaluation of the property, plant and equipment's and intangible assets held by the group were done during the previous year, as the management of in the opinion that the same is not material and the same will be reviewed in the subsequent years. Further the group is not holding any leased assets which are required to be disclosed separately.

VI) The group do not hold any benami property and no proceedings has been initiated or pending against the group for holding any benami property under Benami Transactions (Prohibition) Act 1988 and rules made there under.

VII) As per the informations & details available on records and the disclosure given by the management, the group has complied with the number of layers prescribed under clause (87) of Section 2 of the Companies Act read with the Companies (Restriction on number of layers) Rules 2017.

VIII) The group had foreign currency loan availed from Kotak Mahindra Bank Ltd and also working capital term loan availed during the preceding years and the same has been fully repaid during the year. All the charges registered with the ROC against the said loans has been duly discharged during the year. The group has outstanding term loan availed from Kotak Mahindra Bank the year ended against hypothecation of vehicle and the charge for the same is duly registered with Registrar of Companies within statutory period.

IX) The group has not been declared as willful defaulter by any bank or financial Intitution or any other lender during the financial year.

X) The group does not have any transactions during the year with the companies which are struck off under Section 248 of the Companies Act 2013 or Section 560 of the Companies Act 1956.

XI) The holding Company has over due receivables against the export realization of goods for ₹ equivalent to 3,234.65 Lakhs due to the various business reasons. Further as per the information's available and as intimated by the management, the holding Company is in process of availing extension from RBI through its authorized dealers for the overdue realizations however till the date of the balance sheet such extension has not been approved.

XII) As per the informations & details available on records and the disclosure given by the management, the group has not advanced, loaned or invested to any other person or entity or foreign entities with the understanding that the intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or provided any guarantee, security or like to or on behalf of the Company. Further the group has not received any funds from any person, entity including the foreign entity with the understanding that the group shall directly or indirectly lend, invest or guarantee, security or like manner on behalf of the funding party.

XIII) With Respect to disclosures Pursuant To Section 186(4) of the Companies Act, 2013 the group has not given any amount in the nature of loan nor has provide any guarantee or security to any entity in connection with loan during the year. The group do not have any Investment.

XIV) There is no impairment of any assets during the reporting period.

XV) There are no amounts due to be credited to Investor Education and Protection Fund in accordance with Section 125 of the Companies Act, 2013 as at the year end.

XVI) No scheme of arrangement has been approved by the competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

XVII) All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs and decimal thereof as per the requirements of schedule III to the Companies Act, 2013, unless otherwise stated.

NOTE 46: EVENTS AFTER REPORTING DATE

I) The Board of Directors of the holding Company at their Board meeting held on May 06, 2024 have recommended final dividend of ₹ 0.25/- per fully paid up equity share of ₹ 2/- each for the financial year ended March 31, 2024, subject to approval of shareholders at ensuing Annual General Meeting of the Company.

II) The Holding Company has signed Share Purchased Agreement after the balance sheet date for purchase of 100% equity shares of Hyd-Air Engineering Private Limited engaged in the business activities of Precision Engineering on April 02, 2024.

NOTE 47: DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIRED BY THE SCHEDULE III

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount (₹ in Lakhs)	As % of Consolidated profit or loss	Amount (₹ in Lakhs)	As % of Consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of Consolidated other comprehensive income	Amount (₹ in Lakhs)
Parent Company								
Aeroflex Industries Limited	99.97%	29,306.57	100.04%	4,175.16	-	-	100.03%	4,175.16
Subsidiary Company								
Aeroflex Industries Limited - UK	0.03%	8.41	(0.04%)	(1.76)	100.00%	0.33	(0.03%)	(1.42)
Total	**100.00%**	**29,314.98**	**100.00%**	**4,173.40**	**100.00%**	**0.33**	**100.00%**	**4,173.72**

NOTE 48: The Consolidated Financial Statements has been authorized for issue by the Board of Directors on dated May 06, 2024.

NOTE 49: Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our Report of even date attached
For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M. No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURH9655

Independent Auditors' Report

To,
The Members of
AEROFLEX INDUSTRIES LIMITED
Mumbai

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying Standalone Financial Statements of **AEROFLEX INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss including other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements and a summary of material accounting policies and other explanatory information **(hereinafter referred to as "Standalone Financial Statements").**

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

BASIS OF OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below the key audit matters to be communicated in our report. Our audit procedures, amongst others, include the following:

Accuracy, Completeness and disclosure with reference to Ind AS 16 of Property, Plant and Equipment including Capital Work in Progress. The carrying value of property, plant and equipment includes of ₹ 64.25 Lakhs capitalized/transferred from capital work in progress during the year. The Company has capital work in progress at the year ended as on March 31, 2024 of ₹ 537.83 Lakhs. Cost Recognition of Property, Plant and Equipment as specified in Ind AS 16 is based on completion of asset construction activities and management assessment and judgment that the asset is capable of operating in the manner intended. The asset capitalization is the outcome of various procurements, approvals from operations experts in the Company and judgments by the management and therefore, required significant audit attention. Refer Note 1: Property, Plant and Equipment in Notes to the Standalone Financial Statements.

AUDITORS' RESPONSE

Our audit procedures, amongst others, include the following:

a) Obtaining an understanding of operating effectiveness of management's internal control over capital expenditure.

b) We assessed Company's process regarding maintenance of records, valuation and accounting of transactions pertaining to Property, Plant and Equipment including Capital Work in Progress with reference to Indian Accounting Standard 16: Property, Plant and Equipment.

c) We have reviewed management judgment pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment.

d) We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Indian Accounting Standard 23: Borrowing Costs.

e) Ensuring adequacy of disclosures in the Standalone Financial Statements.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone Financial Statements Section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

OTHER INFORMATION

The Company's Management and Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Boards' Report including Annexures to Boards' Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the Standalone Financial Statements and our auditors' report thereon. Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements, or our knowledge obtained during our 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 RESPONSIBILITIES FOR THE STANDALONE 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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance, state of affairs, profit & loss including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards and accounting principles generally accepted in India including the accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Standalone Financial Statements.

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

1 Identify and assess the risks of material misstatement of the Standalone 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.

2 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 in place and the operating effectiveness of such controls.

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

4 Conclude on the appropriateness of Management's and Board of Directors use of the going concern basis of accounting in preparation of Standalone Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5 Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the

disclosures, and whether the Standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1 As required by the Companies (Auditors' 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 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 purpose of our audit.

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

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

d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

f) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure-B** to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

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

i The Company does not have any material pending litigations which would impact its financial position in standalone financial statement.

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 required to be transferred to the Investors Education and Protection Fund by the Company.

iv a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, 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 to or on behalf of the Ultimate Beneficiaries.

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

c) Based on such audit procedures as 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) & (ii) of Rules 11(e) as provided under (a) and (b) above, contain any material misstatement.

v As stated in note no 45 & 50 to the Standalone Financial Statements:

a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

b) The Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

vi In respect of Rule 11(g) of the Companies (Audit and Auditors') Rules, 2014 proviso Rule 3(1) of the Companies (Accounts) Rules, 2014 we herewith report based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

Priyanka Jaju
(Partner)
Membership No.: 416197

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

Annexure-A

To the Independent Auditors' Report

(As referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report to the members of **AEROFLEX INDUSTRIES LIMITED** on the accounts as at and for the year ended March 31, 2024) to the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i In respect of the Company's Property, Plant and Equipment and Intangible Assets:

a) (A) The Company has maintained proper records, showing full particulars including quantitative details and situations of all Property, Plant & Equipment.

(B) The Company has maintained proper records showing full particulars of the Intangible assets.

b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties disclosed in the Standalone Financial Statements are held in the name of the Company.

d) The Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.

e) According to the information and explanations given to us by the management, no proceedings have initiated or pending against the Company during the year ended on March 31, 2024, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

ii a) The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by the Management is appropriate. In respect of inventory lying with third parties, these have been substantially confirmed by them. No material discrepancies were noticed and discrepancies if any are properly dealt with by the Management of the Company.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned term loan in excess of five Crore rupees, in aggregate, from banks on the basis of security of current and Non-Current assets along with other securities in earlier years, however the said loans has been fully repaid during the year therefore the question of our commenting on whether the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company does not arise.

iii According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. According to the information and explanations given to us and on the basis of the management representation given to us with respect to the advances given to the staff and workers and to the suppliers of the Company and other parties, it has been informed that the same were given not in the nature of loan and has been provided in the normal course of the business and are recoverable in cash or kind in coming year and has been classified under other current assets. We have relied on their management representation in this matter. We have been further informed by the management of the Company that the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships, its subsidiary or any other parties during the year. Accordingly, clause 3(iii) of the Order is not applicable.

iv According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

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

vi We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, GST, Custom duty, and any other material statutory dues have been regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and based on the records of the Company examined by us, particulars of Income Tax, Goods & Service Tax Customs Duty, Excise Duty, States respective Sales Tax, Service Tax and other statutory dues which have not been deposited on account of any disputes.

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

ix a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings availed from lenders during the year.

b) According to the information and explanations given to us and on the basis of our examination of the records of the Company and our audit procedures, we report that the Company has not been declared wilful Defaulter by any bank or financial institution or other lender.

c) According to the information and explanations given to us by the management and records of the Company examined by us, the Company has repaid all the term loans and working capital loans during the year which has been availed from the banks in earlier years. There is no outstanding loan other than the vehicle loan availed for purchase of vehicle in earlier years therefore this clause is not applicable.

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

e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013.

x a) The Company has raised money by way of initial public offer of its equity shares during the year. In our opinion and according to information and explanations given to us, the Company has applied the money so received for the purposes for which the money has been received. The details of the utilization of the money raised by way of initial public offer (IPO) of equity shares which has been submitted by the Company to the monitoring agency of IPO fund utilization is given as follows:

(₹ in Lakhs)

Particulars	Objects of the issue as per prospectus	Utilized till March 31, 2024	Unutilized amount as at March 31, 2024
Repayment and/or pre-payment, in full or part, of certain borrowings availed by Company	3,200.00	3,200.00	-
Funding working capital requirements of the Company	8,400.00	4,965.40	3,434.60
General corporate purposes	2,001.10	535.00	1,466.10
Total	**13,601.10**	**8,700.40**	**4,900.70**

The Company has not raised money by way of further public offer for any debt instruments during the year.

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

xi a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the year nor have we been informed of any such case by the Management.

b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors' in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors') Rules, 2014 with the Central Government.

c) According to the information and explanations given to us, the Company has received no whistle-blower complaints during the year. Accordingly, reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

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

xiii In our opinion and on the basis of our examination of the information and documentation given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable. The details with respect to the related parties has provided to us by the management as per the related party disclosure requirements given by us and the related parties so identified by the management as per applicable parameters given by us and the transactions with such related party transactions have been disclosed in the note 32 to the Standalone Financial Statements as required by the applicable Indian Accounting Standards.

xiv a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

b) We have considered the internal audit reports of the Company issued by the internal auditor for the year ended March 31, 2024.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi a) In our opinion according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

b) The Company has not conducted any Non-Banking Financial or Housing Finance activities and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

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

d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

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

xviii There has been no resignation of the statutory auditors' during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix According to the information and explanations given to us and on the basis of the financial ratios (also refer note 48 to the financial statements), 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, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) as the Company has done such spending by payments of such funds to the eligible trust for such activities and there are no unspent CSR amounts for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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 **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

Priyanka Jaju
(Partner)
Membership No.: 416197

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

Annexure-B

To the Independent Auditors' Report

Report on the Internal Financial Controls 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 Standalone Financial Statements of **AEROFLEX INDUSTRIES LIMITED** ("the Company") as of March 31, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Standalone Financial Statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Standalone Financial Statements and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls over Standalone 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 auditors' judgments, 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 over financial reporting with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone 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 Standalone 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 Standalone Financial Statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over Standalone Financial Statements and such internal financial controls over Standalone Financial Statements were operating effectively as at March 31, 2024, based on the internal control over Standalone 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 Standalone Financial Statements issued by the Institute of Chartered Accountants of India.

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

Priyanka Jaju
(Partner)
Membership No.: 416197

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

Standalone Balance Sheet

As at March 31, 2024

(₹ in Lakhs)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
NON-CURRENT ASSETS			
a) Property, Plant and Equipment	3	8,237.28	5,554.33
b) Property, Plant and Equipment - WIP		537.83	64.25
c) Investment property		-	-
d) Goodwill		-	-
e) Intangible assets	4	59.63	77.44
f) Intangible assets - WIP		3.78	-
g) Biological assets other than bearer plants		-	-
h) Financial assets			
i) Investments	5	19.28	19.28
ii) Trade receivables		-	-
iii) Loans		-	-
iv) Other financial assets	6	345.84	55.97
i) Deferred tax assets (net)	7	-	-
j) Other non-current assets	8	304.83	201.82
Total Non-Current Assets		**9,508.46**	**5,973.10**
CURRENT ASSETS			
a) Inventories	9	5,894.24	5,600.70
b) Financial assets			
i) Investments		-	-
ii) Trade receivables	10	9,464.56	6,695.78
iii) Cash and cash equivalents	11	7,626.46	606.32
iv) Bank balances other than cash and cash equivalents	12	2,922.28	12.11
v) Loans		-	-
vi) Other Financial Assets		-	-
c) Current tax assets (net)		-	-
d) Other Current Assets	13	2,068.94	2,520.92
Total Current Assets		**27,976.47**	**15,435.82**
TOTAL ASSETS		**37,484.94**	**21,408.92**
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share Capital	14	2,586.41	2,286.41
b) Other Equity	15	26,739.43	9,132.33
Total Equity		**29,325.84**	**11,418.74**
LIABILITIES			
NON-CURRENT LIABILITIES			
a) Financial liabilities			
i) Borrowings	16	6.34	1,968.63
(ia) Lease liabilities		-	-
ii) Trade payables		-	-
iii) Other financial liabilities		-	-
b) Provisions		-	-
c) Other non-current liabilities	17	-	98.57
d) Deferred tax liabilities (net)	7	71.95	28.02
Total Non-Current Liabilities		**78.29**	**2,095.21**
CURRENT LIABILITIES			
a) Financial liabilities			
i) Borrowings	18	5.77	2,531.97
(ia) Lease liabilities		-	-
ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	19	322.10	883.08
(B) Total outstanding dues of creditors other than micro & small enterprises	19	5,169.63	2,779.96
iii) Other financial liabilities		-	-
b) Other current liabilities	20	2,396.53	1,092.79
c) Provisions		-	-
d) Current tax liabilities (net)	21	186.77	607.16
Total Current Liabilities		**8,080.81**	**7,894.97**
Total Liabilities		**8,159.09**	**9,990.18**
TOTAL EQUITY AND LIABILITIES		**37,484.94**	**21,408.92**

The accompanying notes are an integral part of these Standalone Financial Statements (Note No. "1 to 51")

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M.No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

Standalone Statement of Profit and Loss

For the year ended March 31, 2024

(₹ in Lakhs)

Sr. No.	Particulars	Note	Year ended March 31, 2024	Year ended March 31, 2023
	REVENUES			
I	Revenue from operations	22	31,784.40	26,937.88
II	Other income	23	384.32	3.90
III	**TOTAL INCOME**		**32,168.72**	**26,941.78**
IV	**EXPENSES**			
	Cost of material consumed	24	20,723.88	18,851.12
	Changes in inventories	25	(583.59)	(1,778.37)
	Employee benefit expenses	26	2,620.18	2,315.14
	Finance costs	27	213.86	343.39
	Depreciation and amortisation expense	28	626.19	521.93
	Other expenses	29	2,841.43	2,257.95
	TOTAL EXPENSES		**26,441.95**	**22,511.16**
V	**Profit/(loss) before exceptional item and tax**		**5,726.78**	**4,430.62**
VI	**Exceptional item**			
	a) FCTL exchange fluctuation		-	307.71
VII	**Profit/(loss) before tax**		**5,726.78**	**4,122.91**
VIII	**Tax expense:**			
	(1) Current tax		1,415.70	1,018.50
	(2) Deferred tax liabilities/(assets)		43.93	22.21
	(3) Taxation of earlier year		91.99	66.59
IX	**Profit/(loss) for the year from continuing operation**		**4,175.15**	**3,015.60**
X	Profit/(Loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operation		-	-
XIII	**Profit/(loss) for the year**		**4,175.15**	**3,015.60**
XIV	**Other comprehensive income/(loss)**			
	a) Item that will not be reclassified subsequently to profit or loss			
	i) Net change in fair values of investments in equity shares carried at fair value through OCI		-	-
	b) Income tax relating to item that will not be reclassified subsequently to profit or loss		-	-
	c) Item that will be reclassified subsequently to profit or loss			
	i) Exchange differences on translation of financial statements of foreign operations		-	-
	d) Income tax relating to item that will be reclassified subsequently to profit or loss		-	-
XV	**Total other comprehensive income/(loss)**		**-**	**-**
	Total comprehensive income for the year		**4,175.15**	**3,015.60**
XVI	Earnings per equity share: (for continued operation) in ₹			
	(1) Basic		3.39	2.64
	(2) Diluted		3.39	2.64
XVII	Earnings per equity share: (for discontinued operation) in ₹			
	(1) Basic		-	-
	(2) Diluted		-	-
XVII	**Earnings per equity share: (for discontinued & continuing operations) in ₹**			
	(1) Basic		**3.39**	**2.64**
	(2) Diluted		**3.39**	**2.64**

The accompanying notes are an integral part of these Standalone Financial Statements (Note No. "1 to 51")

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M.No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

Standalone Cash Flow Statement

For the year ended March 31, 2024

(₹ in Lakhs)

Sr. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before tax	5,726.78	4,122.91
	Add: Depreciation	626.19	521.93
	Add: Interest paid	213.86	343.39
	Less: Interest received	(278.22)	(0.44)
	Less: Provision for taxation	(1,415.70)	(1,018.50)
	Less: Taxation of earlier year	(91.99)	(66.59)
	Operating profit before working capital changes	**4,780.91**	**3,902.68**
	Adjustments for:		
	(Increase)/decrease in non-current other financial assets	(289.87)	(55.25)
	(Increase)/decrease in other non-current assets	(103.01)	(27.47)
	(Increase)/decrease in change in inventories	(293.54)	(2,018.51)
	(Increase)/decrease in current trade receivables	(2,768.79)	(1,434.54)
	(Increase)/decrease in current other financial assets	-	45.66
	(Increase)/decrease in other current assets	451.98	653.48
	Increase/(decrease) in other non-current liabilities	(98.57)	5.44
	Increase/(decrease) in current trade payables	1,828.68	244.58
	Increase/(decrease) in other current liabilities	883.35	(589.62)
	Net cash flow from operating activities	**4,391.16**	**726.45**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property, plant & equipements & intangibles including cwip	(3,768.68)	(945.63)
	Payments to acquire financial assets	-	(9.73)
	Interest received	278.22	0.44
	Net cash flow from investing activities	**(3,490.46)**	**(954.92)**
C	**CASH FLOW FROM FINANCEING ACTIVITIES**		
	Proceeds from issuance of equity share capital	300.00	-
	Repayment of borrowings	(4,488.48)	587.88
	Interest paid	(213.86)	(343.39)
	Dividend paid	(228.64)	(228.64)
	IPO issue expenses	(2,239.41)	-
	Proceeds from issue of equity share capital (including securities premium)	15,900.00	-
	Net cash flow from financing activities	**9,029.60**	**15.85**
	Net increase in cash & cash equivalents	**9,930.30**	**(212.62)**
	Cash and cash equivalents at the beginning of the period	618.43	831.05
	Cash and cash equivalents at the end of the period	10,548.74	618.43
	Net increase in cash & cash equivalents	**9,930.30**	**(212.62)**

The accompanying notes are an integral part of these Standalone Financial Statements (Note No. "1 to 51")

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M.No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

Standalone Statement of Changes in Equity

For the year ended March 31, 2024

STATEMENT OF CHANGE IN EQUITY

A. Equity Share Capital

(₹ in Lakhs)

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital due to prior year errors	Restated balance at the beginging of the current reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
For the year ended on March 31, 2024	2,286.41	–	–	300.00	2,586.41
For the year ended on March 31, 2023	2,286.41	–	–	–	2,286.41

B. Promotors Holding

Name of Promotors	Shares held at the end of the year March 31, 2024		Shares held at the end of the year March 31, 2023		% of change during the year
	No. of shares held	% of total shares	No. of shares held	% of total shares	
Sat Industries Limited	7,91,81,833	61.23%	10,53,77,040	92.18%	30.95%

Standalone Statement of Changes in Equity (Contd.)

For the year ended March 31, 2024

C. Other Equity

(₹ in Lakhs)

	Share application money pending allotment	Equity component of compound financial instrument	Reserves & Surplus				Debt Instruments through other comprehensive income	Equity Instruments through other comprehensive Income	Effective portion of cash flow hedges	Revaluation surplus	Exchange difference on translating financial difference on foreign operation	Other items of other comprehensive income (specify nature)	Money received against share warrants	Total
			Capital reserve	Securities premium	General reserve	Retained earnings								
Balance at the beginning of the reporting year: April 01, 2023	**–**	**–**	**–**	**2,419.49**	**–**	**6,712.84**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,132.33**
Changes in accounting policy/prior year errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Restated balance at the beginning of the reporting year	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	–	4,175.15	–	–	–	–	–	–	–	4,175.15
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	(228.64)	–	–	–	–	–	–	–	(228.64)
Transfer to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Security premium on issue of new share				15,900.00										15,900.00
IPO expense				(2,239.41)	–									(2,239.41)
Balance at the end of the reporting Year: March 31, 2024	**–**	**–**	**–**	**16,080.08**	**–**	**10,659.35**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26,739.43**

Standalone Statement of Changes in Equity (Contd.)

For the year ended March 31, 2024

(₹ in Lakhs)

	Share application money pending allotment	Equity component of compound financial instrument	Reserves & Surplus				Debt Instruments through other comprehensive income	Equity Instruments through other comprehensive Income	Effective portion of cash flow hedges	Revaluation surplus	Exchange difference on translating financial difference on foreign operation	Other items of other comprehensive income (specify nature)	Money received against share warrants	Total
			Capital reserve	Securities premium	General reserve	Retained earnings								
Balance at the beginning of the reporting year: April 01, 2022	**–**	**–**	**–**	**2,419.49**	**–**	**3,925.88**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,345.37**
Changes in accounting policy/prior year errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Restated balance at the beginning of the reporting year	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Profit for the year	–	–	–	–	–	3,015.60	–	–	–	–	–	–	–	3,015.60
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	(228.64)	–	–	–	–	–	–	–	(228.64)
Transfer to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Any other Change (to be Specify)						–								–
Balance at the end of the reporting year: March 31, 2023	**–**	**–**	**–**	**2,419.49**	**–**	**6,712.84**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,132.33**

As per our Report of even date attached

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

Priyanka Jaju
(Partner)
Membership No.: 416197

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

For and on behalf of the Board

Kinjal Shah
Company Secretary & Compliance Officer
(M.No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Notes to Standalone Financial Statement

For the year ended March 31, 2024

NOTE 1: CORPORATE INFORMATION

AEROFLEX INDUSTRIES LIMITED ("The Company") is a public limited company incorporated under the provision of Companies Act, 2013. The equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE) during the year. The Company's registered office is at Plot No. 41,42/13, 42/14 & 42/18, Near Taloja MIDC, Village Chal, Behind IGPL, Panvel, Navi Mumbai, Raigarh-410208. The Company is engaged in manufacturing of stainless steel flexible hose with braiding and without braiding and assemblies. The Company has its wholly owned foreign Subsidiary named **AEROFLEX INDUSTRIES LIMITED** at London, United Kingdom. The Company is a subsidiary Company of Sat Industries Limited, a listed Company, which holds 61.23% of the equity shares of the Company at the year ended. The Financial Statements were approved in accordance with a resolution passed in Board Meeting held on May 06, 2024.

NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted by the Company are as under:

2.1 Basis of Preparation & Presentation of Financial Statements:

The Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (referred as Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules 2015, as amended and relevant provisions of the Companies Act, 2013 including presentation and disclosure requirements of Division II of Schedule III of the Act as amended from time-to-time.

Accordingly, the Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss for the year ended March 31, 2024, the Statement of Cash Flows for the year ended March 31, 2024 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Financial Statements').

The financial statements are presented in Indian Rupee (₹), which is the Company's functional currency and all amounts disclosed in financial statements and notes have been rounded off to the nearest Lakhs Rupees with two decimals, unless otherwise stated.

2.2 Basis of Measurement:

The Standalone Financial Statements of the Company are prepared in accordance with the Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis, except for certain financial assets and liabilities that are measured at fair value at the end of each reporting year. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services. Fair value is the price that would be received to sale an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.3 Significant accounting estimates, judgments and assumptions:

The preparation of financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statement and the reported amount of revenues and expenses during the reporting period. The accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

This note provides an overview of the areas where there is a higher degree of judgment or complexity. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation. The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described as below. The Company based on its assumptions, judgments and estimates on parameters available, when the financial statements were prepared, the existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) **Impairment of property, plant and equipment:**

Determining whether property, plant and equipment is impaired requires an estimation of the value in use of the cash-generating unit. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. When the actual future cash flows are less than expected, a material impairment loss may arise. property, plant and equipment which are out dated or not in use are impaired and shown at the net releasable value and difference to the written down value and net releasable value is transferred to profit & loss account for the year.

b) Useful lifes of property, plant and equipment:

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting year.

c) Provision for litigations and contingencies:

The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events, the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgments around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgments involved in such estimations the provisions are sensitive to the actual outcome in future periods.

d) Recognition of Deferred Tax:

The extent to which deferred tax assets and liabilities can be recognized is based on an assessment of the profitability of the Company's future taxable income against which the deferred tax provisions can be utilized.

e) Managements Judgments related to the provisions and contingencies, estimation of income tax payable and income tax expense in relation to an uncertain tax position and estimation of Fair Valuation of Financial instruments and Valuation of inventories are further areas involving critical estimates and judgments for which detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation.

2.4 Current or Non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is:

i Expected to be realized or intended to be sold or consumed in normal operating cycle;

ii Held primarily for the purpose of trading;

iii Expected to be realized within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified current when:

i It is expected to be settled in normal operating cycle;

ii Held primarily for the purpose of trading;

iii It is due to be settled within twelve months after the reporting period; or

iv There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as noncurrent assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

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.

Further the management of the Company provide the inputs related to the particular assets & liability whether the same is recoverable & payable within the operating cycle and to be considered as current assets & liabilities or the same is recoverable or payable after the said operating cycle and to be considered as Non-Current. Auditor has classified the same based on the prudence of the same as given by the management.

2.5 Property, plant and equipment and intangible assets and Depreciation/Amortisation:

a) Property, plant and equipment (PPE)

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Recognition and measurement:

Property, plant and equipment held for use in the production, supply or administrative purposes are stated in the Balance sheet at cost less accumulated depreciation and impairment, if any.

The cost of Property, plant and equipment comprises its purchase price (including the costs of materials/ components) net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets including exchange differences arising from foreign currency and such other incidental costs that may be associated with acquisition or creation of the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance related to such assets which are in recurring nature and has no certainty of the useful life are charged to Statement of Profit and Loss during the year.

An item or part of Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss as and when the asset is derecognized.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress". Capital Work-in-Progress represents expenditure incurred on capital assets that are under construction/erection or are pending to be commercialized and put to use. The same is carried at cost which is determined in the same manner as for any Property, plant and equipment.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work- in- progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

b) Depreciation methods, estimated useful lives:

Depreciation is provided (other than Free hold Land and capital work-in-progress) on Written Down Value (WDV) method for the estimated useful life of assets as per Companies Act 2013. The estimated useful lives of assets for various class of assets are as follows:

Assets class	Period of useful life of Assets
Factory Building	30 Years
Addition to factory Building	3-10 Years
Server and Networks	6 Years
Plant & Machinery	25 Years
Computer	3 Years
Vehicles	6 Years
Workshop Tools & Equipment	8 Years
Testing Equipment	5 Years
Office Equipment	5 Years
Electrical Installation	5 Years
Furniture & Fixtures	10 Years

Fixed Assets purchased for specific projects will be depreciated over the periods of the project or the useful life stated as above, whichever is shorter. No Depreciation has been provided for the land.

Depreciation on assets acquired/purchased, sold/discarded during the year is provided on a pro-rata basis from the date of each addition or till the date of sale/retirement.

The economic useful life of assets is assessed based on a technical evaluation, taking into account the nature of assets, the estimated usage of assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, maintenance history, etc. The estimated useful life is reviewed at the end of each reporting period, with effect of any change in estimate being accounted for on a prospective basis.

Where the cost of part of the asset is significant to the total cost of the assets and the useful life of that part is different from the useful of the remaining asset, useful life of that significant part is determined separately. Depreciation of such significant part, if any, is based on the useful life of that part.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, is recognized in the Statement of Profit or Loss.

c) Intangible Assets:

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets. Intangible development costs are capitalized as and when technical and commercial feasibility of the asset is demonstrated and future economic benefits are probable.

Intangible assets are stated at acquisition cost, net of accumulated amortization. The Company amortized intangible assets over their estimated useful lives using the Written Down method as per Companies Act, 2013. The Management has estimated the useful lives of intangible assets are as follows:

Computer software	6 Years

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

d) Impairment:

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss and is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

2.6 Investments:

The Company does not have any categorized investment other than the investment in the equity shares of its 100% foreign subsidiary. The Investment in the shares of the foreign subsidiary are accounted at historical cost and the same has not been translated at the year ended.

2.7 Intangible Assets Under Development:

Expenditure incurred on acquisition/development of intangible assets which are not ready for their intended use at balance sheet date are disclosed under intangible assets - WIP

2.8 Foreign Currency Transactions:

a) Functional and presentation currency:

Items included in the financial statements 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 (₹), which is the Company's functional and presentation currency and the same is rounded off to the nearest Lakhs Rupees with two decimals.

b) Transactions and balances:

All foreign currency transactions are recorded by applying to the foreign currency amount at the exchange rate between the functional currency and the foreign currency at the date of the transaction on initial recognition. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognized in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognized in the Statement of Profit and Loss.

All non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Foreign exchange fluctuation for the outstanding amount towards the capital goods, has been attributed to the cost of the fixed assets. Further the foreign exchange fluctuation for the outstanding amount of the foreign currency term loan has been shown separately under the exceptional item in the profit & loss account uniformly.

2.9 Revenue Recognition:

Ind AS 115 applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. It also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

a) Sales of Goods:

The Company recognizes revenue from sale of goods when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations and revenue under contracts with customers based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contracts with customers and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

Revenue from the sale of goods in the course of ordinary activities is recognized at the 'transaction price' when the goods are 'transferred' to the customer. The 'transaction price' is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties (for example, goods and service tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. The revenue from sale is recognized when significant risk and reward of ownership/control have been transferred to the customer, which is mainly upon delivery, the amount of revenue can be measured reliable and recovery of the consideration is probable.

b) Sale of services & Other Operating Revenue:

Income from services rendered is recognized based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations. Revenue from services are recognized in the accounting year in which service are rendered. For fixed price contracts, revenue is recognized based on actual services provided to the end of the reporting year as a proportion of the total services to be provided.

c) Foreign Exchange Fluctuation in Export & Import:

As the Company has mainly engaged in export & import of goods therefore Profit and gains from the foreign exchange fluctuation from the receipts & payments of debtors & creditors and also the fluctuation on restatement of their balances at the year ended is forming part of the other operating revenue of the Company.

d) Export benefits:

Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevantexport proceeds.

e) Other Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the normal interest rate as applicable. Other Income has been recorded where no significant uncertainty as to measurability or collectability exists.

2.10 Inventories:

Inventories are valued at lower of the cost and net realizable value considering the various other related parameters and uniformity of the valuation. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at after reviewing the cost and net realizable value considering the various other related parameters and uniformity of the valuation. Cost includes purchase price, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at cost of production till the date work completed. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average cost basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

2.11 Cash and cash equivalents:

For the purpose of presentation in the Balance sheet, Cash and Cash equivalents comprises cash at bank and cash on hand and other short-term deposits including interest accrued thereon and highly liquid investments with an original maturity (or with an option to or can be readily converted or liquidated into cash) of three months or less, which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

2.12 Taxation:

Income tax expense comprises current tax expenses and deferred tax expenses. Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current Tax:

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using the tax rates tax laws that have been enacted or substantially enacted by the end of the reporting year. Provisions for current income taxes are presented in the balance sheet after offsetting advance tax & TDS paid for the relevant year.

Deferred Tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

2.13 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. All other borrowing costs are recognized in profit or loss in the year in which they are accrued or incurred.

2.14 Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material). When some or all of the economic benefits required to settle, provisions are expected to be recovered from a third party, a receivable is recognized as an asset it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Contingent liabilities and contingent assets:

Contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but is not recognised because:

   i it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not accounted in the financial statements unless an inflow of economic benefits is probable.

2.16 Dividend:

The dividend declared by the Company during the year but not distributed at the end of the reporting period than the same is recognized as liability at the year ended when the dividend distribution is authorized and the distribution is no longer at the discretion of the Company on or before the end of the reporting period. As per the Companies Act, 2013, a distribution is authorized when it is approved by the shareholders. Such amount of dividend is recognized directly in equity. Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2.17 Financial instruments:

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. However, Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in the Statement of Profit and Loss. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and Subsequent Measurement of Financial Assets:

The Company classifies financial assets, subsequently at amortised cost, Fair Value through Other Comprehensive Income ("FVTOCI") or Fair Value through Profit or Loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

a) Financial Assets measured at Amortized Cost:

A Financial Asset is measured at amortized Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI):

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Impairment:

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, other contractual right to receive cash or other financial assets not designated at fair value through profit or loss. The loss allowance for a financial instrument is equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increase significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal 12 months expected credit losses. 12 months expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within 12 months after the reporting date.

For trade receivables or any contractual right to receive cash or another financial assets that results from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses. The Company has used a practical expedient permitted by Ind AS 109 and determines the expected credit loss allowance based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

De-recognition of Financial Assets:

The Company derecognizes financial asset when the contractual right to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and the transfer qualifies for de-recognition under Ind AS 109. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income, if any, is recognized in the Statement of Profit or Loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of the financial asset.

Classification and Subsequent Measurement of Financial Liabilities:

a) Financial liabilities measured at Fair Value through Profit or Loss:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

b) Other Financial liabilities:

Other financial liabilities (including loans and borrowings, bank overdrafts and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost on initial recognition.

Interest expense (based on the effective interest method), foreign exchange gains and losses, and any gain or loss on derecognition is recognized in the Statement of Profit and Loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Debt and Equity Instruments:

Classification

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received net of direct issue costs.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Financial liabilities (that are not held for trading or not designated at fair value through profit or loss) are measured at amortized cost at the end of subsequent accounting year. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based in the effective interest method.

Effective interest method is a method of calculating amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition. Interest expenses of these financial liabilities are included in finance cost. Expenditure incurred for management of the finance of the Company are forming part of the finance cost.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and presented on net basis in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and it is intended to either settle them on net basis or to realize the asset and settle the liability simultaneously.

Fair Value of Financial Instruments:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices, where applicable. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. Financial instruments by category are separately disclosed indicating carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

Foreign exchange gains and losses for assets & liabilities:

Financial Assets and liabilities denominated in a foreign currency and are measured at amortized cost at the end of each reporting year, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the Statement of Profit or Loss.

The fair value of financial Assets and liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial Assets and liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognized in the Statement of Profit and Loss except in case of the amount outstanding to creditors towards the fixed assets where the amount is outstanding payable, in that case every year the difference in the exchange fluctuation has been adjusted towards the cost of the fixed assets so purchased and has to uniformly followed the practice.

De-recognition of Financial Liability:

A Financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the 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 between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

2.18 Employee Benefits:

Short-term Employee Benefits:

All employee Benefits such as Salaries, wages and short term compensated absences including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment benefits

a) Defined contribution plans

The Company makes defined contributions to Employee Provident Fund, Employee Pension Fund, Superannuation Schemes, Employees State Insurance which are defined contribution schemes. The contribution paid/payable under these schemes is recognized during the period in which the employee renders the related services which are recognized in the Statement of Profit and Loss on accrual basis during the period in which the employee renders the services.

Provident fund:

The employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are made to the provident fund and pension fund administered by the Regional Provident Fund Commissioner. The Company recognizes such contributions as an expense when incurred.

b) Defined benefit plans

The defined benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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 year, regardless of when the actual settlement is expected to occur.

Gratuity:

The gratuity liability of the Company is funded through a Group Gratuity Scheme with Life Insurance Corporation of India (LIC) under which the annual contribution is paid to LIC. The Company's liability under Payment of Gratuity Act is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities where the terms of government securities are consistent with the estimated terms of the defined benefit obligations at the Balance Sheet date. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

2.19 Earnings Per Share:

The Company reports basic and diluted earnings per share (EPS) in accordance with Indian Accounting Standard 33 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss attributable to ordinary equity holders by the weighted average number of equity shares outstanding at the year ended. Diluted EPS is computed by dividing the net profit or loss attributable to ordinary equity holders by weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares (except where the results are anti-dilutive).

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Freehold Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Air Conditioner	Computer	Electrical Installation	Testing Equipment	Workshop Tool & Equipment	Water Cooler	Total
Year Ended as on March 31, 2024													
Opening Gross Carrying Amount	1,621.39	2,429.50	6,721.66	377.56	61.31	182.35	29.10	229.87	521.95	85.18	361.31	25.62	12,646.80
Additions	547.07	514.31	2,037.93	71.88	–	22.26	4.91	53.59	2.67	4.56	24.05	0.31	3,283.53
Exchange Difference	–	–	–	–	–	–	–	–	–	–	–	–	–
Assets include in a disposal group for sale	–	–	16.89	–	–	–	–	–	–	–	–	–	16.89
Disposals	–	–	–	–	–	–	–	–	–	–	–	–	–
Closing Gross Carrying Amount	**2,168.46**	**2,943.81**	**8,742.70**	**449.44**	**61.31**	**204.61**	**34.01**	**283.46**	**524.62**	**89.75**	**385.35**	**25.93**	**15,913.44**
Accumulated Depreciation	–	1,739.41	3,820.14	307.56	37.44	151.60	24.81	186.06	504.91	68.71	236.01	15.81	7,092.46
Depreciation charged during the year		92.63	349.50	20.18	9.52	14.53	3.02	45.71	1.47	8.73	44.50	4.43	594.22
Assets include in a disposal group for sale	–	–	10.53	–	–	–	–	–	–	–	–	–	10.53
Exchange Difference	–	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–	–	–	–
Closing Accumulated Depreciation	**–**	**1,832.04**	**4,159.11**	**327.74**	**46.96**	**166.13**	**27.83**	**231.77**	**506.38**	**77.43**	**280.51**	**20.24**	**7,676.16**
NET CARRIYING AMOUNT	**2,168.46**	**1,111.77**	**4,583.59**	**121.70**	**14.35**	**38.48**	**6.17**	**51.68**	**18.24**	**12.31**	**104.84**	**5.69**	**8,237.28**
Year Ended as on March 31, 2023													
Opening Gross Carrying Amount	1,621.39	2,396.68	5,382.83	356.18	61.31	166.94	25.74	190.97	521.46	87.76	348.96	15.12	11,175.36
Additions	–	32.82	1,333.39	21.38	–	15.40	3.36	38.89	0.49	0.43	12.34	10.50	1,469.00
Exchange Difference	–	–	5.44	–	–	–	–	–	–	–	–	–	5.44
Assets include in a disposal group for sale	–	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	(3.00)	–	–	(3.00)
Closing Gross Carrying Amount	**1,621.39**	**2,429.50**	**6,721.66**	**377.56**	**61.31**	**182.35**	**29.10**	**229.87**	**521.95**	**85.18**	**361.31**	**25.62**	**12,646.80**
Accumulated Depreciation	–	1,653.43	3,556.26	292.66	21.98	136.53	23.17	155.61	504.51	53.81	183.08	12.42	6,593.46
Depreciation charged during the year	–	85.98	263.88	14.91	15.45	15.07	1.64	30.45	0.39	14.90	52.92	3.39	499.00
Assets include in a disposal group for sale	–	–	–	–	–	–	–	–	–	–	–	–	–
Exchange Difference	–	–	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–	–	–	–
Closing Accumulated Depreciation	**–**	**1,739.41**	**3,820.14**	**307.56**	**37.44**	**151.60**	**24.81**	**186.06**	**504.91**	**68.71**	**236.01**	**15.81**	**7,092.46**
NET CARRIYING AMOUNT	**1,621.39**	**690.09**	**2,901.52**	**70.00**	**23.87**	**30.74**	**4.29**	**43.80**	**17.04**	**16.48**	**125.30**	**9.81**	**5,554.33**

Note: The Company has not revalued Property, Plant and equipment during the year.

NOTE 4: INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Software & Licences	Total
Year Ended as on March 31, 2024		
Opening Gross Carrying Amount	**152.47**	**152.47**
Additions	14.15	14.15
Exchange Difference	–	–
Assets include in a disposal group for sale	–	–
Disposals	–	–
Closing Gross Carrying Amount	**166.62**	**166.62**
Accumulated Depreciation	**75.03**	**75.03**
Depreciation charged during the year	31.97	31.97
Assets include in a disposal group for sale	–	–
Exchange Difference	–	–
Disposals	–	–
Closing Accumulated Depreciation	**106.99**	**106.99**
NET CARRIYING AMOUNT	**59.63**	**59.63**
Year Ended as on March 31, 2023		
Opening Gross Carrying Amount	**81.41**	**81.41**
Additions	71.06	71.06
Exchange Difference	–	–
Assets include in a disposal group for sale	–	–
Disposals	–	–
Closing Gross Carrying Amount	**152.47**	**152.47**
Accumulated Depreciation	**52.10**	**52.10**
Depreciation charged during the year	22.92	22.92
Assets include in a disposal group for sale	–	–
Exchange Difference	–	–
Disposals	–	–
Closing Accumulated Depreciation	**75.03**	**75.03**
NET CARRIYING AMOUNT	**77.44**	**77.44**

NOTE 5: NON-CURRENT – INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in Equity Instruments		
Unquoted		
Subsidiaries (at cost)		
Aeroflex Industries Limited – UK (E/s 2000 of £ 10 each)	19.28	19.28
Total	**19.28**	**19.28**

NOTE 6: NON-CURRENT – OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Security Deposits	345.84	55.97
Total	**345.84**	**55.97**

NOTE 7: DEFERRED TAX

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance for Deferred tax Assets/(Liabilities)	(28.02)	(5.81)
Add/Less: Deferred Tax Assets/(Liabilities) for Depreciation Difference	(42.28)	(22.21)
Add/Less: Deferred Tax Assets/(Liabilities) for Gratuity	(1.65)	-
DEFERRED TAX ASSETS/(LIABILITY) – Refer Note 1 & 2	**(71.95)**	**(28.02)**
Opening Balance for Deferred tax Assets/(Liabilities)	-	-
Add/Less: Deferred Tax Assets/(Liabilities) for the year	-	-
DEFERRED TAX ASSETS	**-**	**-**
Net amount charged to Statement of Profit and Loss	**(43.93)**	**(22.21)**
Deferred tax liabilities (net)	**(71.95)**	**(28.02)**

Note:

1. The Amount has arisen on account of Difference between the depriciation of Companies Act and Income Tax Act.

2. The Amount has arisen on account of Provision on Gratuity.

NOTE 8: OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance to Supplier	243.07	2.01
Repair & Maintenance (To be amortised)	60.18	162.55
Retention Money	1.58	1.88
IPO Related Expenses	-	35.38
Total	**304.83**	**201.82**

NOTE 9: CURRENT – INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Material in Stock	2,071.81	2,361.85
Work In Progress in Stock	3,517.56	2,935.92
Finished Goods in Stock	304.87	302.92
Total	**5,894.24**	**5,600.70**

* Stock are Valued at Cost or Net realisable value whichever is lower.

NOTE 10: TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Trade Receivables considered good – secured	–	–
(b) Trade Receivables considered good – unsecured	9,449.17	6,680.38
(c) Trade Receivables which have significant increase in Credit Risk	15.40	15.40
(d) Trade Receivables – Credit Impaired	–	–
	9,464.56	**6,695.78**
Less: Allowance for doubtful debts	–	–
Total	**9,464.56**	**6,695.78**

Note 10.1: No trade receivables are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member, other than dues from related parties.

Trade receivables ageing schedule as at March 31, 2024

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 months	6 months–1 year	1–2 years	2–3 years	More than 3 year	
(i) Undisputed Trade Receivables–considered good	8,567.06	647.33	200.51	19.07	15.19	9,449.17
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	15.40	15.40
(iii) Undisputed Trade Receivables – credit impaired	–	–	–	–	–	–
(iv) Disputed Trade Receivables	–	–	–	–	–	
(v) Disputed Trade Receivables – credit impaired	–	–	–	–	–	
(vi) Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	
Total	**8,567.06**	**647.33**	**200.51**	**19.07**	**30.59**	**9,464.56**

Trade receivables ageing schedule as at March 31, 2023

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 months	6 months–1 year	1–2 years	2–3 years	More than 3 year	
(i) Undisputed Trade Receivables – considered good	5,499.90	1,103.21	19.07	33.40	24.80	6,680.38
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	15.40	15.40
(iii) Undisputed Trade Receivables – credit impaired	–	–	–	–	–	–
(iv) Disputed Trade Receivables – considered good	–	–	–	–	–	–
(v) Disputed Trade Receivables – credit impaired	–	–	–	–	–	–
(vi) Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–
Total	**5,499.90**	**1,103.21**	**19.07**	**33.40**	**40.19**	**6,695.78**

NOTE 11: CASH & CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand		
In Rupees	4.75	0.31
In Foreign Currency	4.78	5.57
Balances with banks		
On current accounts	524.69	600.44
Fixed deposits with maturity of less than 3 months *	7,092.24	-
Total	**7,626.46**	**606.32**

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

*Includes interest accrued ₹ 117.24 Lakhs (pr. yr. ₹ 0.00 Lakhs)

NOTE 12: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENT

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date *	2,922.28	12.11
Total	**2,922.28**	**12.11**

*Includes interest accrued ₹ 29.43 Lakhs (pr. yr. ₹ 0.10 Lakhs)

NOTE 13: CURRENT - OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Advances other than capital advances		
Advance to Suppliers	818.29	2,164.78
Other Advances		
Balance with Revenue Authorities	1,080.30	252.05
Prepaid Expenses	97.98	42.75
Advance to Employees	72.37	61.34
Total	**2,068.94**	**2,520.92**

NOTE 14: SHARE CAPITAL

a) Shares Details

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Authorised Share Capital				
Equity Shares of ₹ 2/- each	17,50,00,000	3,500.00	17,50,00,000	3,500.00
Series "A" Compulsorily Convertible Preference Shares of ₹ 10/- each	10,00,000	100.00	10,00,000	100.00
Series "A" Compulsorily Convertible Preference Shares of ₹ 200/-	10,00,000	2,000.00	10,00,000	2,000.00
	17,70,00,000	**5,600.00**	**17,70,00,000**	**5,600.00**
Issued, Subscribed & Paid up				
Equity Shares of ₹ 2/- each	12,93,20,370	2,586.41	11,43,20,370	2,286.41
Total	**12,93,20,370**	**2,586.41**	**11,43,20,370**	**2,286.41**

b) Reconciliation of Equity shares

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year/Quarter	11,43,20,370	2,286.41	2,28,64,074	2,286.41
Cancelled shares	NIL	NIL	(2,28,64,074)	(2,286.41)
Fresh shares issued on account of split of shares at face value of ₹ 2/- each	NIL	NIL	11,43,20,370	2,286.41
Shares Issued during the year	1,50,00,000	300.00	NIL	NIL
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	**12,93,20,370**	**2,586.41**	**11,43,20,370**	**2,286.41**

c) Shares held by its holding Companies

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	%	No. of Shares	%
Sat Industries Limited	7,91,81,833	61.23%	10,53,77,040	92.18%

d) Name of the shareholders holding more than 5% Equity shares in the Company

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	%	No. of Shares	%
Sat Industries Limited	7,91,81,833	61.23%	10,53,77,040	92.18%
Italica Global FZC	74,54,830	5.76%	74,54,830	6.52%

Note:

14.2 The Company has only one class of shares referred to as the equity shares having face value of ₹ 2/- each. Each holder of equity shares is entitled to one vote per share. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by the Shareholders at the Annual General Meeting.

14.3 No Equity shares have been forfeited.

14.4. There are no calls unpaid on equity shares.

14.5 The Company has not allotted any shares pursuant to contract without payment being received in cash.

NOTE 15: OTHER EQUITY

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
1. Securities Premium		
As per the last year accounts	2,419.49	2,419.49
Add: Addition during the year	15,900.00	-
Less: IPO Issue Expenses*	2,239.41	-
	16,080.08	**2,419.49**
2. Retained Earnings		
As per the last year accounts	6,712.84	3,925.88
Add: Surplus for the year	4,175.15	3,015.60
	10,887.99	**6,941.48**
Less: Dividend on equity shares	228.64	228.64
	10,659.35	**6,712.84**

NOTE 15: OTHER EQUITY (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
3. Equity Instruments through Other Comprehensive Income:		
As per the last year accounts	-	-
Add: Addition during the year	-	-
	-	-
Total	**26,739.43**	**9,132.33**

*** Securities Premium:**

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The Security Premium reserve is utilised in accordance with the provisions of the Companies Act, 2013.

*** Retained Earnings:**

This Reserve represents the cumulative profits of the Company and effects of re-measurement of defined benefit obligations. This Reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

NOTE 16: NON-CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured Loans:		
From Bank & Financial Institution		
Term Loan		
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	145.00
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	1,522.19
Kotak Mahindra Bank Ltd - ECLGS (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	289.32
Kotak Mahindra Bank Ltd - Vehicle Loan (Secured against hypothecation of Bus)	6.34	12.12
Total	**6.34**	**1,968.63**

(a) Term loan from Kotak Mahindra Bank Limited is secured against hypothecation of Bus no. MH 46 BM 7420. The loan is repayable in 60 equated monthly instalments of ₹ 55,614/- each commencing from April 15, 2021 and the last instalment is payble on March 15, 2026 Rate of Interest as on March 31, 2024 is @ 9.48%. There was no continuing default in the repayment of instalment and interest thereon.

NOTE 17: NON-CURRENT - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of creditors towards Capital Goods	-	98.57
Total	**-**	**98.57**

NOTE 18: CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Secured Loans		
From Bank & Financial Institution		
Term Loan		
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	1,153.58
Kotak Mahindra Bank Ltd - Foreign Currency Loan (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	362.48
Kotak Mahindra Bank Ltd - ECLGS (Secured against mortgage of Land & Building, Plant & Machinery & hypothecation of Inventory and Trade Receivables & other movable & immovable Assets)	-	294.25
Kotak Mahindra Bank Ltd - Car Loan (Secured against hypothecation of Motor Car)	-	10.82
Kotak Mahindra Bank Ltd - Vehicle Loan (Secured against hypothecation of Bus)	5.77	5.25
Unsecured Loans		
From Related Parties	-	-
From Non-Related Parties	-	705.59
Total	**5.77**	**2,531.97**

(a) Term loan from Kotak Mahindra Bank Limited is secured against hypothecation of Bus no. MH 46 BM 7420. The loan is repayable in 60 equated monthly instalments of ₹ 55,614/- each commencing from April 15, 2021 and the last instalment is payble on March 15, 2026 Rate of Interest as on March 31, 2024 is @ 9.48%. There was no continuing default in the repayment of instalment and interest thereon.

NOTE 19: TRADE PAYABLE

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	322.10	883.08
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,169.63	2,779.96
Total	**5,491.73**	**3,663.05**

Note: There are no unbilled and Not due trade payables, hence the same are not disclosed in the ageing schedule.

Trade payables ageing schedule as at March 31, 2024

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 year	
(i) Undisputed - Micro & small enterprises	322.10	-	-	-	-	322.10
(ii) Undisputed Others	5,167.23	-	-	-	2.40	5,169.63
(iii) Disputed dues - Micro & small enterprises	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**5,489.33**	**-**	**-**	**-**	**2.40**	**5,491.73**

Trade payables ageing schedule as at March 31, 2023

(₹ in Lakhs)

Particulars	Outstanding for following years from due date of payment					Total
	Less than 6 motnhs	6 months–1 year	1–2 years	2–3 years	More than 3 year	
(i) Undisputed – Micro & small enterprises	883.08	–	–	–	–	883.08
(ii) Undisputed Others	2,777.56	–	–	–	2.40	2,779.96
(iii) Disputed dues – Micro & small enterprises	–	–	–	–	–	–
(iv) Disputed dues – Others	–	–	–	–	–	–
Total	**3,660.64**	**–**	**–**	**–**	**2.40**	**3,663.05**

NOTE 20: CURRENT – OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory due payable	110.96	34.90
Advance from customer	554.95	473.21
Amount payable for capital goods	892.85	39.32
Other liabilities	837.76	545.37
Total	**2,396.53**	**1,092.79**

NOTE 21: CURRENT – CURRENT TAX LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Provisions for Tax (Net of Advance Tax & TDS)	186.77	607.16
Total	**186.77**	**607.16**

NOTE 22: REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of Products		
Finished Goods – Domestic Sales	5,139.62	4,553.95
Finished Goods – Export Sales	26,019.50	21,718.02
Total	**31,159.12**	**26,271.97**
Other Operating Revenue:		
Foreign Exchange Fluctuation	391.26	531.33
Misc. Operating Revenue	234.02	134.58
Total	**31,784.40**	**26,937.88**

NOTE 23: OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest Income		
– On fixed deposits designated as amortized cost	278.22	0.44
– On Others	–	1.27
Profit on sale of Fixed Assets	–	0.50
Income Tax Refund	–	1.69
Other Income	106.11	–

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Total	**384.32**	**3.90**

NOTE 24: COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock of Raw Material & Consumables	2,354.79	2,121.71
Add: Purchase of Raw Material & Consumables	20,440.89	19,084.20
	22,795.68	**21,205.91**
Less: Closing Stock of Raw Material & Consumables	2,071.81	2,354.79
Total	**20,723.88**	**18,851.12**

NOTE 25: CHANGE IN INVENTORIES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventories at the beginning of the year		
– Work-in-progress	2,935.92	738.74
– Finished goods	302.92	721.73
	3,238.84	**1,460.47**
Less: Inventories at the end of the year		
– Work-in-progress	3,517.56	2,935.92
– Finished goods	304.87	302.92
	3,822.43	**3,238.84**
Decrease/(Increase) in Inventories	**(583.59)**	**(1,778.37)**

NOTE 26: EMPLOYEES BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salary, Wages, Bonus and Other Benefits	2,343.41	2,016.28
Contribution to Provident Fund, ESIC and other funds	103.50	84.00
Gratuity fund contributions	16.54	89.64
Staff welfare expenses	156.72	125.22
Total	**2,620.18**	**2,315.14**

NOTE 27: FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Interest Expense		
(i) Interest on borrowing	176.11	284.55
(ii) Interest on delayed payment of taxes	15.46	0.16
(iii) Foreign Exchange Fluctuation on Packing Credit	-	-
(b) Other borrowing costs – Bank Processing Charges	15.48	43.99
(c) Interest to Others	6.82	14.69
Total	**213.86**	**343.39**

NOTE 28: DEPRECIATION AND AMORTIZATION EXP

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation Cost	594.22	499.00
Amortization Cost	31.97	22.92
Total	**626.00**	**521.93**

NOTE 29: OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Electricity and Power	407.29	257.57
Repair & Maintenance	765.17	575.38
Processing Labour Charges	65.88	72.76
Testing and Calibration Charges	26.69	13.71
Cylinder Rent	5.40	5.40
Export Freight, Handling, Clearing & Other Charges	376.76	225.83
Carriage Outward	65.76	105.26
Commission Expenses	50.42	38.50
Consultancy Charges	189.27	254.18
Depository Fees expense	1.56	0.56
Water Charges	4.22	6.83
Rates & Taxes	28.34	15.75
Conveyance & Travelling Expenses	342.46	234.82
Bank Charges & Commission	49.20	32.44
Office Expenses	183.27	181.23
Insurance Charges	59.35	57.13
Printing & Stationary	29.28	22.07
Telephone & Communication Expenses	30.39	22.75
Auditor Remuneration	5.50	8.50
Miscellaneous Expenses	36.80	51.46
Advertisement and Publicity	7.04	4.05
Business Promotion Expenses	5.80	1.94
CSR Activity Exp.	57.50	38.25
Loss on Sale of Fixed Assets	1.36	–
Exchange Fluctuation on Foreign Currency Term Loan	46.73	–
Sundry Balances Written off	–	31.59
Total	**2,841.43**	**2,257.95**

NOTE 30: EARNINGS PER SHARE

Particulars	As at March 31, 2024	As at March 31, 2023
Net profit after taxation for the year (₹ in Lakhs)	4,175.15	3,015.60
Total Number of Equity Shares	12,93,20,370	11,43,20,370
Weighted Average number of Equity Shares for Basic/Diluted EPS	12,31,97,082	11,43,20,370
Nominal Value of Equity Shares (₹)	2.00	2.00

Basic/Diluted earnings per Equity Share (₹)	3.39	2.64

NOTE 31: REMUNERATION TO AUDITORS

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Audit Fee	2.50	2.50
Other Matters	7.05	6.00

NOTE 32: RECONCILIATION OF EFFECTIVE INCOME TAX RATE

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Profit Before Tax	5,726.78	4,122.91
Current Year Tax	1,415.70	1,018.50
Tax Using the Company's Domestic Tax Rate 25.168%	1,441.32	1,037.65
Tax effect of adjustment to reconcile expected income tax Expenses to Reported Income Tax Expenses		
Tax effects of amounts which are not deductible for taxable income	16.97	9.24
Effect of Depreciation under Income Tax	(42.62)	(8.16)
	1,415.67	**1,038.73**
Effective Tax Rate	**24.72%**	**24.70%**

NOTE 33: DETAILS OF SUBSIDIARY

(₹ in Lakhs)

Particulars	Country of Incorporation	% of Ownership Interest As at March 31, 2024	% of Ownership Interest As at March 31, 2023
Aeroflex Industries Limited	London – United Kingdom	100.00%	100.00%

NOTE 34: CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities ₹ 57.50 Lakhs (Previous Year: ₹ 31.50 Lakhs)

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(1) Gross amount required to be spent by the Company during the year	57.46	31.05
(2) Amount of expenditure incurred	57.50	38.25
(3) Shortfall at the end of the year	–	–
(4) Total of previous year's shortfall	–	6.75
(5) Nature of CSR activities:		
(i) Construction/acquisition of any asset	–	–
(ii) On purposes other than (i) above		
– Health and education & Contribution to eligible Trust for CSR Related Activities.	57.50	38.25

(6) Out of the above spending ₹ 57.50 Lakhs (Previous Year ₹ 30.50) contributed to SAT Foundation (Formerly Known as: Taha Charitable Trust) which is related party.

(7) The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

NOTE 35: INITIAL PUBLIC OFFER DURING THE YEAR

During the year ended March 31, 2024, the Company has completed its Initial Public Offer (IPO) of 1,50,00,000 equity shares of face value of ₹ 2/- each at an issue price of ₹ 108 per share (including a share premium of ₹ 106 per share). The issue comprised of a fresh issue of 1,50,00,000 equity shares and offer for sale of 1,75,00,000 equity shares by selling shareholders. Pursuant to the IPO, the equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on August 31, 2023. The offer expenses incurred by the Company is for ₹ 2,239.41 Lakhs which has been adjusted to securities premium.

(₹ in Lakhs)

Particulars	Objects of the issue as per prospectus	Objects of the issue revised	Utilized till March 31, 2024	Unutilized amount as at March 31, 2024
Repayment and/or pre-payment, in full or part, of certain borrowings availed by Company	3,200.00	3,200.00	3,200.00	-
Funding working capital requirements of the Company	8,400.00	8,400.00	4,965.40	3,434.60
General corporate purposes	2,001.10	2,001.10	535.00	1,466.10
Total	**13,601.10**	**13,601.10**	**8,700.40**	**4,900.70**

- Net proceeds which were unutilized as at March 31, 2024 were kept in escrow account with Kotak Mahindra bank under Bank Balance & Fixed Deposits.

NOTE 36: CAPITAL WORK IN PROGRESS (CWIP)

The Company has incurred expenses towards setting up & commissioning and for purchase of the equipment for the expansion project and the same has been shown under the capital work in progress for the Company. The expenses so incurred for the New project's work in progress and which is not ready for put to use till the year ended is for ₹ 537.83 Lakhs. The Ageing schedule of tangible assets under CWIP is as follows:

(₹ in Lakhs)

Capital Work in Progress (Tangible Assets)	Amount of CWIP for the year ended March 31, 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Expansion Projects in progress	537.83	-	-	-	537.83

(₹ in Lakhs)

Capital Work in Progress (Tangible Assets)	Amount of CWIP for the year ended March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Expansion Projects in progress	64.25	-	-	-	64.25

NOTE 37: INTANGIBLE ASSETS UNDER DEVELOPMENT

The expenses so incurred is for ₹ 3.78 Lakhs which has been shown under the intangible assets WIP is towards new software development in process which will be completed in the coming year and the same will be capitalized in the year in which the development of the same will be completed and put to use for the Company.

(₹ in Lakhs)

Capital Work in Progress (Intangible Assets)	Amount of CWIP for the year ended March 31, 2024				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
New Software under development	3.78	-	-	-	3.78

(₹ in Lakhs)

Capital Work in Progress (Intangible Assets)	Amount of CWIP for the year ended March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
New Software under development	-	-	-	-	-

NOTE 38: RELATED PARTY DISCLOSURES

i.	Key Management Personnel	
	– Asad Daud	Managing Director
	– Mustafa Abid Kachwala	Whole-Time Director & CFO
	– Kinjal Shah	Company Secretary & Compliance Officer
ii.	Wholly Owned Subsidiary Company of the Holding Company	Italica Global FZC
iii.	Wholly Owned Subsidiary Company	Aeroflex Industries Ltd – London UK
iv.	Holding Company	SAT Industries Limited
v.	SAT Foundation	Director's relative is a trustee

During the year following transactions were carried out with the related parties in the ordinary course of business at arm's length price:

(₹ in Lakhs)

Particulars	Nature of Transaction	As at March 31, 2024	As at March 31, 2023
Asad Daud	Director Remuneration	95.56	83.10
	Dividend Paid	0.001	0.001
Mustafa A Kachwala	Director Remuneration	11.60	10.64
	Dividend Paid	0.001	0.001
SAT Industries Ltd	Interest on Loan	–	7.69
	Expenses paid & Recovered	714.41	400.00
	Financial Management	53.10	111.82
	Charges with GST	–	–
	Dividend Paid	193.36	210.75
Aeroflex Industries Ltd UK	Commission Paid	7.62	6.83
	Payment towards Share Capital	–	9.73
Kinjal Shah	Salary Paid	9.20	5.87
Deepak Kalera	Salary Paid	–	16.00
Italica Global FZC	Sales	581.23	374.03
	Dividend Paid	14.91	14.91
SAT Foundation	CSR Expenditure	57.50	30.50

NOTE 39: INFORMATIONS RELATED TO MICRO, SMALL & MEDIUM ENTERPRISES

The Company has amount due to suppliers under Micro, Small and Medium Enterprises Development Act 2006 (MSMED) as at March 31, 2024. The following information has been given in respect to such suppliers who have identified themselves as "Micro, Small & Medium Enterprises" under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) as at March 31, 2024:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Outstanding Amount	322.10	883.08

There are no Micro, Small and Medium Enterprises, to whom the Company owes (principal and/or interest), which has been outstanding for more than 45 days as at the balance sheet date. There were delay in payments to Micro, Small and Medium Enterprises for more than 45 days during the year for which no provision for interest has been made. As per the management, the Company has mutual understanding with such parties for different payment terms while purchasing materials from them and the payment to them is made as per agreed terms accordingly. As per management there are no MSME registered parties with whom the Company has any dispute related to the principal or interest towards the delay payments so happened during the year over and above the agreed terms of payment.

NOTE 40: FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

1. Capital Management:

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals, borrowings etc. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings		
Long term and Short term borrowings	6.34	2,674.22
Current maturities of Long term borrowings	5.77	1,826.38
Less: cash and cash equivalents	7,626.46	606.32
Less: Bank balances other than cash and cash equivalents	2,922.28	12.11
Adjusted net debt	**(10,536.62)**	**3,882.17**
Total Equity	29,325.84	11,418.74
Adjusted net debt to adjusted equity ratio	**(0.36)**	**0.34**

2. Categories of Financial Instruments and Fair Value:

Carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in Lakhs)

Particulars	Note	As at March 31, 2024		As at March 31, 2023	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets					
Measured at amortized cost					
i) Cash and Cash Equivalent	11	7,626.46	7,626.46	606.32	606.32
ii) Other Bank balance	12	2,922.28	2,922.28	12.11	12.11
iii) Trade Receivables	10	9,464.56	9,464.56	6,695.78	6,695.78
iv) Other Financial Assets - Non-Current	6	345.84	345.84	59.86	59.86
v) Other Financial Assets - Current	13	2,068.94	2,068.94	2,226.12	2,226.12
Total Financial assets		**22,428.07**	**22,428.07**	**9,600.19**	**9,600.19**
Financial Liabilities					
Measured at amortized cost					
i) Cash Credit Facilities		-	-	-	-
ii) Borrowings - Non-Current	16	6.34	6.34	1,968.63	1,968.63
iii) Borrowings - Current	18	5.77	5.77	2,531.97	2,531.97
iv) Trade Payables	19	5,491.73	5,491.73	3,663.05	3,663.05
v) Other Financial Liabilities - Non-Current	17	-	-	98.57	98.57
vi) Other Financial Liabilities - Current	20	2,396.53	2,396.53	1,092.79	1,092.79
vii) Current Tax Liabilities (Net)	21	186.77	186.77	607.16	607.16
Total financial liabilities		**8,087.15**	**8,087.15**	**9,962.17**	**9,962.17**

The financial instruments are categorized into following levels based on the inputs used to arrive at fair value measurements described below:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

3. Financial Risk Management:

The activities of the Company exposes it to a number of financial risks namely market risk, credit risk and liquidity risk. The Company seeks to minimize the potential impact of unpredictability of the financial markets on its financial performance. The Company does regularly monitor, analyze and manage the risks faced by the Company and to set and monitor appropriate risk limits and controls for mitigation of the risks.

A) Management of Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises to three type of risk, interest rate risk, price risk and currency rate risk. Financial instrument affected by market risk includes borrowings and investments. The Company has international trade operations and is exposed to a variety of market risks, including currency and interest rate risks.

i) Management of interest rate risk:

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Company is having least interest rate risk since it has repaid the major borrowing during the year. Further the outstanding borrowing has the fixed rate of interest which is repayable in installments for the term loan availed by it from bank.

ii) Management of currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency trade receivables and payable and advances given to suppliers and received from customers. The Company mitigates the foreign exchange risk by setting appropriate exposure limits, periodic monitoring of the exposures etc. The exchange rates have been volatile in the recent period and may continue to be volatile in the future. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies.

<u>Exposure to currency risk:</u>

The Company has exposure mainly in USD/EURO/GBP converted to functional currency i.e. INR. The Company has the following financial assets and financial liabilities as at March 31, 2024:

(₹ in Lakhs)

Particulars	Exposure Currency	As at March 31, 2024	As at March 31, 2023
Financial Assets	USD	7,936.33	5,631.05
	EUR	1,230.35	1,099.98
	GBP	101.73	120.96
	AED	0.14	0.14
	CNY	0.11	0.11
Total		**9,268.67**	**6,852.23**
Financial Liabilities	USD	748.90	1,052.75
	EUR	93.44	3,281.82
	GBP	5.84	-
Total		**848.18**	**4,334.57**

iii) Management of price risk:

The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs. The Company's commodity risk is managed centrally through well-established control processes and also future market position in accordance with the risk management policy. Further the Company invests its surplus funds in deposits with banks on short term tenors on fixed interest rate and the same is not exposed to any price risk. This risk is mitigated by investing the funds in various tenors depending on the liquidity needs of the Company.

B) Management of Credit Risk:

Credit risk refers to the risk of default on its obligations by a counter party to the Company resulting in a financial loss to the Company. The Company is exposed to credit risk from its operating activities i.e. trade receivable, foreign exchange transactions and other financial instruments. Credit risk from trade receivables is managed through the Company's policies, procedures and controls relating to customer credit risk management by establishing credit limits, credit approvals and monitoring creditworthiness of the customers to which the Company extends credit in the normal course of business. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed. The Company's historical experience of collecting receivables and level of default indicate that credit risk is low and generally uniform across markets consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognized, where considered appropriate by responsible management. The Company has receivable at the year ended where in the debtor's parties are under NCLT. The total amount receivable from such debtors is for ₹ 15.40 Lakhs. The management is hopeful to receive the same therefore the same has been considered good at the year ended.

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured		
- Considered good	9,464.56	6,695.78
Gross Trade Receivables	**9,464.56**	**6,695.78**
Less: Loss Allowance	-	-
Net Trade Receivables	**9,464.56**	**6,695.78**

C) Management of Liquidity Risk:

Liquidity risk is the risk that the Company may not be able to meet its present and future cash obligations without incurring unacceptable losses. The Company's objective is to maintain at all times, optimum levels of liquidity to meet obligations. The Company closely monitors its liquidity position and has a cash management system. The Company maintains adequate sources of financing including debt and overdraft from banks and financial markets at optimized cost. The Company's current assets aggregate to ₹ 27,976.47 Lakhs (PY 2023: ₹ 15,435.82 Lakhs) including cash and cash equivalents and other bank balances of ₹ 10,548.74 Lakhs (2023: ₹ 618.43 Lakhs) against an aggregate current liability of ₹ 8,080.81 Lakhs (2023: ₹ 7,894.97 Lakhs) and Non-Current liabilities due between one year to three years amounting to ₹ NIL Lakhs (2023: 98.57) and Non-Current liabilities due after three years amounting to NIL (2023: NIL) on the reporting date. Further, while the Company's total equity stands at ₹ 29,325.84 Lakhs (2023: ₹ 11,418.74 Lakhs), it has Non-Current borrowings of ₹ 6.34 Lakhs (2023: ₹ 1,968.63 Lakhs). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligation as they become due does not exist.

NOTE 41: EMPLOYEE BENEFITS

A) Defined Contribution Plan

Provident Fund: The contribution to the provident fund of employees are made to a government administered provident fund and there are no further obligations beyond making such contribution.

B) Defined Benefit Plan

Gratuity: The Company participates in the employee's group gratuity-scheme of life insurance corporation limited, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the payment of gratuity (Amendment) act, 1997, or as per Company's scheme whichever is more beneficial to the employees. The Company made payments for the gratuity for the year ended based on the actuarial valuation of the gratuity liability as done by the LIC and the same has been provided in the books of accounts. Payments of the Company to such gratuity fund has been considered as expenditure for the year and the fund laying with LIC under the gratuity fund is not been accounted as assets as the same is towards the defined future liability of the Company.

Provident fund: The Company makes provident fund contribution to the government administered provident fund. The Company has no part to play in this respect.

C) Amounts Recognized as Expense:

i) Defined Contribution Plan:

Employer's contribution to provident fund amounting to ₹ 89.44 Lakhs has been included under contribution to provident funds.

ii) Defined Benefit Plan:

Gratuity amount payable for ₹ 16.54 Lakhs till the year ended out of which ₹ 10 Lakhs has been paid to the LIC gratuity fund as calculated based on actuarial valuation of the gratuity made by the Life Insurance Corporation and the balance amount has been shown as payable at the year ended.

NOTE 42: FOREIGN EXCHANGE INFLOW & OUTFLOW

The following are the total inflow and outflow of the foreign Exchange:

a) Foreign Exchange inflow:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
F.O.B Value of Exports	24,463.28	21,404.67
Total	**24,463.28**	**21,404.67**

b) Foreign Exchange Outflow:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Traveling & Hotel Expenses	139.57	129.94
Payment Towards Services & Other Expenses	14.73	55.97
Subscription in equity shares of subsidiary co.	-	9.73
Total	**195.64**	**195.64**

c) CIF Value of Import:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw Material & Fittings	5,080.67	8,343.93
Capital Goods	342.25	261.23
Total	**5,422.92**	**8,605.16**

NOTE 43: DERIVATIVES & FORWARD CONTRACT INSTRUMENTS

There are no outstanding derivative instruments as on March 31, 2024. Foreign currency Exposures at the year-end that has not been hedged by the Company using any derivative instrument or otherwise are given below:

(₹ in Lakhs)

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Amount Receivable in foreign Currency			
1. For Export of Goods	INR	8,331.47	6,010.70
	USD	84.29	60.12
	EUR	13.58	10.57
	GBP	0.75	1.19
2. Advance to Suppliers	INR	553.47	119.00
	USD	6.64	1.46
	EUR	-	-
Amount Payable in Foreign Currency			
1. Import of Goods	INR	250.51	934.03
	USD	3.00	11.36
	EUR	-	-
2. Advance - Customers	INR	575.81	504.17
	USD	5.82	6.00
	EUR	0.94	0.12
	GBP	0.06	-
3. Spares & Others	INR	21.86	98.57
	USD	0.15	-
	EUR	0.10	1.10
4. Foreign Currency Term Loan	INR	-	3,183.25
	EUR	-	35.52

NOTE 44: SEGMENT INFORMATION

The Company operates in a single segment i.e. manufacturing of product, hence segment-wise reporting is not applicable as required in accordance with Ind AS 108.

NOTE 45: DIVIDEND

The Company has declared dividend for the FY 2022-23 in the Annual General meeting of the Company held on July 08, 2023. The dividend so declared has been accounted and adjusted during the year from the brought forward balances of the profit & loss account.

NOTE 46: UTILISATION OF BORROWED FUNDS AND SHARE PREMIUM

I) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other source or kind of funds) to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) the Intermediary (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

II) The Company has not received any fund from any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTE 47: OTHER DISCLOSURES

I) In the opinion of the Board of Directors, the current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities are adequate and are not in excess of the amount considered reasonably necessary. Sundry debtors and creditors balances which are not receivable or payable due to operational reasons, has been written off or written back during the year and accounted accordingly.

II) Additional liability if any, arising pursuant to respective assessment under various fiscal statues, shall be accounted for in the year of assessment. Also interest liability for the delay payment of the statutory dues, if any, has been accounted for in the year in which the same are being paid.

III) Balances of Debtors & Creditors & Loans & Advances taken & given are subject to confirmation and consequential adjustments, if any. Debtors & creditors balances has been shown separately and the advances received & paid from/to the parties is shown as advance from customers and advance to suppliers.

IV) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

V) As per informations available, the Company has no transactions which are not recorded in the books of accounts and which are surrendered or disclosed as income during the year in the tax assessment or in search or survey or under any other relevant provisions of the Income Tax Act, 1961.

VI) The Company do not hold any benami property and no proceedings has been initiated or pending against the Company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 and rules made there under.

VII) Title deeds of all the immovable properties held by the Company are in the name of the Company. No revaluation of the property, plant and equipment and intangible assets held by the Company were done during the previous year, as the management is of the opinion that the same is not material and the same will be reviewed in the subsequent years. Further the Company is not holding any leased assets which are required to be disclosed separately.

VIII) The Company had foreign currency loan availed from Kotak Mahindra Bank Ltd and also working capital term loan availed during the preceding years and the same has been fully repaid during the year. All the charges registered with the ROC against the said loans has been duly discharged during the year. The Company has outstanding term loan availed from Kotak Mahindra Bank at the year ended against hypothecation of vehicle and the charge for the same is duly registered with Registrar of Companies within statutory period.

IX) The Company has not been declared as willful defaulter by any bank or financial Institution or any other lender during the financial year.

X) The Company did not have any transactions during the year with the companies which are struck off under Section 248 of the companies Act 2013 or Section 560 of the companies Act 1956.

XI) As per the information & details available on records and the disclosure given by the management, the Company has complied with the number of layers prescribed under clause (87) of Section 2 of the companies Act read with the Companies (Restriction on number of layers) Rules 2017.

XII) As per the information & details available on records and the disclosure given by the management, the Company has not advanced, loaned or invested to any other person or entity or foreign entities with the understanding that the intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or provide any guarantee, security or like to or on behalf of the Company. Further the Company has not received any funds from any person, entity including the foreign entity with the understanding that the Company shall directly or indirectly lend, invest or provide guarantee, security or like manner on behalf of the funding party.

XIII) There are no amounts due to be credited to Investor Education and Protection Fund in accordance with Section 125 of the companies act, 2013 as at the year end.

XIV) The Company has over due receivables against the export realization of goods for ₹ equivalent to 3,234.65 Lakhs due to the various business reasons. Further as per the information available and as intimated by the management, the Company is in process of availing extension from RBI through its authorized dealers for the overdue realizations however till the date of the balance sheet such extension has not been approved.

XV) There is no impairment of any assets during the reporting period.

XVI) With respect to disclosures pursuant to Section 186(4) of the Companies Act, 2013 the Company has not given any amount in the nature of loan nor has provided any guarantee or security to any entity in connection with loan during the year. The Company has investment in its wholly owned subsidiary as given in note 5.

XVII) No scheme of arrangement has been approved by the competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

XVIII) All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs and decimal thereof as per the requirements of schedule III to the Companies Act, 2013, unless otherwise stated.

XIX) The Company has submitted documents to Registrar of Companies (ROC) Mumbai on dated September 06, 2023, for change of its Listing status from "unlisted to listed" in the master data of the Company on MCA portal post Initial Public Offer. However, the change in the status has not been updated by ROC till the date of the balance sheet and the same is still under process and is pending with ROC for further action to change the status of the Company in the master data–the Company Information on the portal.

NOTE 48: RATIO ANALYSIS

Sr. No.	Particulars of Ratio	Details of Numerator/ Denominator	Ratio as on March 31, 2024	Ratio as on March 31, 2023	% Variance
1	Current Ratio*	Current Assets/ Current Liabilities	3.46	1.96	76.53%
2	Debt-Equity Ratio*	Total Debt/Total Equity	0.0004	0.39	- 99.89%
3	Debt Service Coverage Ratio*	EBITDA/ Interest + Current Debt	1.08	2.38	-54.62%
4	Return on Equity Ratio*	PAT/ Shareholder's Equity*100	20.49%	30.08%	-31.88%
5	Inventory turnover ratio	Sales/Average Inventory	5.53	5.87	-5.79%
6	Trade Receivables turnover ratio	Net Credit Sales/ Average Accounts Receivable	3.93	4.51	-12.86%
7	Trade Payables turnover ratio	Net Credit Purchases/ Average Accounts Payable	4.47	5.39	-17.07%
8	Net capital turnover ratio*	Income from Operations/Average Working capital	2.82	4.17	-32.37%
9	Net profit ratio	(PAT / Total Income) *100	12.98%	11.19%	16.00%
10	Return on Capital employed*	{EBIT/Average of (Total Equity + Long Term Debt) }*100	31.33%	36.99%	-15.30%
11	Return on investment*	Net income/Cost of Investment	-	-	-

Note: While calculating Net capital Turnover Ratio & Return on capital employed, we have considered average working capital & average capital employed respectively. Further IPO funds unutilized at the year ended has been subtracted from the working capital & capital employed as the same has not been utilized for business operations during the year to show the fair comparison of the ratios.

For (*) Please refer below Notes:

Explanation for change in ratio by more than 25% as compared to previous year:

i) Current ratio has increased mainly due to the liquidity available and kept under cash & cash equivalent & bank balances at the year ended.

ii) Debt-Equity Ratio has decreased due to repayment of borrowings and increase in equity.

iii) Debt Service Coverage Ratio has decreased due reduction in interest cost after repayment of borrowing from IPO consideration.

iv) Return on Equity Ratio has decreased due to increase in equity via IPO during the year.

v) Net capital turnover ratio has decreased due to healthy cash flow in working capital.

vi) Return on investment has not been calculated as investment is in subsidiary which has not generated any revenue to the Company during the year.

NOTE 49: The financial statements has been authorized for issue by the Board of Directors on dated May 06, 2024.

NOTE 50: EVENTS AFTER REPORTING DATE

a) The Board of Directors at their Board meeting held on May 06, 2024 have recommended final dividend of ₹ 0.25 per fully paid up equity share of ₹ 2/- each for the financial year ended March 31, 2024, subject to approval of shareholders at ensuing Annual General Meeting of the Company.

b) The Company has signed Share Purchased Agreement after the balance sheet date for purchase of 100% equity shares of Hyd-Air Engineering Private Limited engaged in the business activities of Precision Engineering on April 02, 2024.

NOTE 51: Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Notes from "1 to 51" form an integral part of the Financial Statement.

As per our Report of even date attached.

For **Shweta Jain & Co.**
Chartered Accountants
F.R.N.: 127673W

For and on behalf of the Board

Priyanka Jaju
(Partner)
Membership No.: 416197

Kinjal Shah
Company Secretary & Compliance Officer
(M.No.: A58678)

Mustafa A. Kachwala
Whole-Time Director & CFO
(DIN: 03124453)

Asad Daud
Managing Director
(DIN: 02491539)

Place: Mumbai
Date: May 06, 2024
UDIN No: 24416197BKAURI8523

Commitment to Excellence

Aeroflex Industries Limited

Corporate Office Address:
B-1002, 10th Floor,
Marathon Futurex,
N.M. Joshi Marg, Lower Parel (E),
Mumbai – 400 013, India

Factory:
Unit 1: Plot No. 41, 42/(13, 14, 18),
near Taloja MIDC, Village Chal,
Behind IGPL, Panvel,
Navi Mumbai – 410 208, Maharash-
tra, India

Unit 2: Lodha Industrial and
Logistics Park (LILP), Palava A5B,
Survey No. 49/(1, 4, 7, 9),
50/(6, 9, 10), Village Narhen,
Taluka Ambernath, Thane-421 501,
Maharashtra, India

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