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AEROFLEX INDUSTRIES LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

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AUDITORS

SHWETA JAIN & CO
CHARTERED ACCOUNTANTS

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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 Ind As financial statements of **AEROFLEX INDUSTRIES LIMITED ("the company")**, which comprise the standalone Ind As Balance Sheet as at 31st March 2023, the standalone Ind As Statement of Profit and Loss including standalone Ind As other Comprehensive Income, the standalone Ind As Cash Flow Statement and the standalone Ind As Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements and a summary of significant 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its 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 'Auditor's 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.

SHWETA JAIN & CO. THANE Chartered Accountant

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 31 March 2023. These matters were addressed in the context of our audit of the 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. We have fulfilled the responsibilities described in the Auditor's 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 Annual Report, 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 such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

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.

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

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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.

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

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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 31 March 2023 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 (Auditor's report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

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2. (A) 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 standalone Balance Sheet, standalone Statement of Profit and Loss including the Statement of Other Comprehensive Income, the standalone Statement of Changes in Equity and the standalone 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.

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

f) With respect to the adequacy of the internal financial controls standalone financial statements of the Company with reference to these Standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"** to this report;

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

a. The Company does not have any material pending litigations which would impact its financial position in standalone financial statement.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which required to be transferred to the Investors Education and Protection Fund by the Company.

d.

i. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from

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borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall :

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii. 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

iii. 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 (d) (i) and (d) (ii) contain any material mis-statement.

e. In respect of dividend proposed for the previous financial year 2021-22 and declared in annual general meeting for the previous year and paid by the Company during the year, the same is in compliance with Section 123 of the Companies Act, 2013. The Board of Directors of the Company have proposed dividend for the year ended 31st March 2023 in their Board of Directors meeting held on 15th May 2023 which is subject to the approval of the members at the ensuing Annual General Meeting for the year and the same has been reported as event after reporting period in the financial statement.

(B) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the

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Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

FOR SHWETA JAIN & CO.
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

SHWETA JAIN & CO. ★ THANE ★ Chartered Accountant

Priyanka

PRIYANKA JAJU
(Partner)
Membership No. : 416197
Place : Mumbai
Date : 15th May, 2023
UDIN No : 23416197BGWGET7172

ANNEXURE " A "TO THE INDEPENDENT AUDITOR'S 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 31st March, 2023)

i.

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. 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 a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified in a phased manner, which in our opinion are reasonable, having regard to size of the company and nature of its assets. As explained to us, no material discrepancies were noticed on such verifications.

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. 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 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 and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

ii.

(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. We have been informed

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that no discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

(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 our opinion, the quarterly stock statements filed by the Company with such banks are in agreement with the books of account of the Company based on the reported stock in trade. We have been informed that the company also has unreported stock in trade other than the stock in trade reported to the bank which is held by it for more than 120 day, as they the company need to report to the bank only those inventory which is held by them for 120 days from the date of its purchase at the end of each quarter .

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.

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vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.

vii.

a) The Company does not have liability in respect of Sales tax, Service tax, Duty of excise and Value added tax for the earlier years as since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations 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 Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no dues of GST, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited by the Company on account of disputes.

viii. 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 surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

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, the Company has not been declared a willful defaulter by any bank or financial institution, lender or government or government authority.

c) According to the information and explanations given to us by the management, the Company has obtained term loans and working capital loan from bank in foreign currency and the same has applied for the purpose for which the same is availed.

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d) According to the information and explanations given to us and on an overall examination of the balance sheet 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 as defined under the Companies Act, 2013.

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 not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable. The Company has filed DRHP on dated 31st March 2023 with SEBI for coming out with Initial Public Offer (IPO) and the same is pending for approval.

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 course of the audit.

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, there are no complaints received by the Company, raised by the whistle blower during the year while determining the nature, timing and extent of our audit procedures.

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

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xiii. In our opinion and according to the information and explanations 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 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 31st March 2023.

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) 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 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.

SHWETA JAIN & CO. THANE Chartered Accountant

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, 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. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project as the company has done such spending by payments of such funds to the eligible trust for spending of such funds and the company has not participated in any direct eligible project at its own. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

FOR SHWETA JAIN & CO.
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

SHWETA JAIN & CO. THANE Chartered Accountant

Priyanka

PRIYANKA JAJU
(Partner)
Membership No. : 416197
Place : Mumbai
Date : 15th May 2023
UDIN No : 23416197BGWGET7172

ANNEXURE " B "TO THE INDEPENDENT AUDITOR'S 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 31st March, 2023 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 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 standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal

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control based on the assessed risk. The procedures selected depend on the auditor's 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 my / our audit opinion on the Company's internal financial controls system 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.

SHWETA JAIN & CO. * THANE * Chartered Accountants

Opinion :

In our opinion, the Company has, in all material respects, an adequate internal financial controls system standalone financial statements and such internal financial controls standalone financial statements were operating effectively as at 31st March, 2023, based on the internal control 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 standalone financial statements issued by the Institute of Chartered Accountants of India.

FOR SHWETA JAIN & CO.
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

Priyanka

SHWETA JAIN & CO. THANE Chartered Accountant

PRIYANKA JAJU
(Partner)
Membership No. : 416197
Place : Mumbai
Date : 15th May 2023
UDIN No : 23416197BGWGET7172

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

BALANCE SHEET AS AT 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	Note No	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
ASSETS			
NON CURRENT ASSETS			
a) Property, Plant and Equipment	"5"	5,554.33	4,581.90
b) Property, Plant and Equipment - WIP		64.25	635.00
c) Intangible Assets	"6"	77.44	29.31
d) Intangible Assets - WIP		-	26.11
d) Financial assets			
i) Investments	"7"	19.28	9.55
ii) Other financial assets	"8"	-	0.73
e) Other non-current assets	"9"	257.79	174.36
Total Non-Current Assets	(A)	5,973.10	5,456.95
CURRENT ASSETS			
a) Inventories	"10"	5,600.70	3,582.19
b) Financial Assets			
i) Trade Receivables	"11"	6,695.78	5,261.23
ii) Cash and cash equivalents	"12"	606.32	818.72
iii) Bank balances other than cash and cash equivalent	"13"	12.11	12.33
iv) Other financial assets	"14"	61.34	45.66
c) Other current assets	"15"	2,459.58	3,174.40
Total Current Assets	(B)	15,435.82	12,894.52
TOTAL ASSETS	C = (A+B)	21,408.92	18,351.47
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	"16"	2,286.41	2,286.41
b) Other equity	"17"	9,132.33	6,345.37
Total Equity	(D)	11,418.74	8,631.78
LIABILITIES			
Non-current Liabilities			
a) Financial liabilities			
i) Borrowings	"18"	1,968.63	2,098.64
b) Other Non current liabilities	"19"	98.57	93.13
c) Deferred tax Liability (Net)		28.02	5.81
Total non-current liabilities	(E)	2,095.21	2,197.57
Current Liabilities			
a) Financial liabilities			
i) Borrowings	20"	2,531.97	1,814.08
ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	"21"	883.08	8.66
Total outstanding dues of creditors other than micro & small enterprises	'21"	2,779.96	3,409.81
b) Other current liabilities	22"	1,092.79	1,535.38
c) Current Tax liabilities (Net)	'23"	607.16	754.19
Total Current Liabilities	(F)	7,894.97	7,522.12
Total Liabilities	G = (E+F)	9,990.18	9,719.69
TOTAL EQUITY AND LIABILITIES	H = (D + G)	21,408.92	18,351.47
Significant Accounting Policies Notes on Financial Statement	1 to 32		

As Per Our Report of even date

FOR SHWETA JAIN & CO

CHARTERED ACCOUNTANTS

F.R.N. : 127673W

Priyanka

PRIYANKA JAJU

(Partner)

Membership No : 416197

Place : Mumbai

Dated : 15th May 2023

UDIN No : 23416197BGWGET7172

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

For and on behalf of the Board

ASAD DAUD

MANAGING DIRECTOR

(DIN-02491539)

MUSTAFA A KACHWALA

WHOLETIME DIRECTOR & CFO

(DIN-03124453)

KINJAL SHAH

COMPANY SECRETARY

(M.No : A58678)

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	Note No	For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
REVENUES:			
Revenue from operations	"24"	26,937.88	24,079.55
Other Income	"25"	3.90	19.53
TOTAL INCOME		26,941.78	24,099.07
EXPENSES:			
Cost of Material Consumed	"26"	18,784.74	15,632.98
Changes in Inventories	"27"	(1,778.37)	(26.79)
Employee Benefit Expenses	"28"	2,315.14	1,752.00
Finance costs	"29"	455.05	625.08
Depreciation and amortisation expense	"30"	521.93	418.44
Other expenses	"31"	2,212.67	2,046.49
TOTAL EXPENSES		22,511.16	20,448.22
Profit/(loss) before exceptional item and tax		4,430.62	3,650.86
Exceptional item			
a) FCTL Exchange Fluctuation		307.71	(41.30)
Profit/(loss) before tax		4,122.91	3,692.16
Tax expense:			
(1) Current Tax		1,018.50	833.00
(2) Deferred tax Liability/(Assets)		22.21	102.13
(3) Taxation of Earlier Year		66.59	-
Profit/(loss) for the year from continuing operation		3,015.60	2,757.03
Profit/(Loss) from discontinued operations.		-	-
Tax expense of discontinued operations		-	-
Profit/(loss) from discontinued operation		-	-
Profit/(loss) for the year		3,015.60	2,757.03
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		-	-
d) Income tax relating to item that will be reclassified subsequently to profit or loss		-	-
Total Other Comprehensive income/(loss)			

AEROFLEX INDUSTRIES LIMITED MUMBAI

SHWETA JAIN & CO. THANE Chartered Accountant

Total Comprehensive Income for the year		3,015.60	2,757.03
Earnings per equity share : (for continued Operation)			
(1) Basic		2.64	12.06
(2) Diluted		2.64	12.06
Earnings per equity share : (for discontinued Operation)			
(1) Basic		-	-
(2) Diluted		-	-
Earnings per equity share : (for discontinued & continuing operations)			
(1) Basic		2.64	12.06
(2) Diluted		2.64	12.06
Significant Accounting Policies Notes on Financial Statement	**1 to 32**		

As Per Our Report of even date
FOR SHWETA JAIN & CO
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

Priyanka

PRIYANKA JAJU
(Partner)
Membership No : 416197
Place : Mumbai
Dated : 15th May 2023
UDIN No : 23416197BGWGET7172

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

For and on behalf of the Board

ASAD DAUD
MANAGING DIRECTOR
(DIN-02491539)

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WHOLETIME DIRECTOR & CFO
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KINJAL SHAH
COMPANY SECRETARY
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AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit (Loss) before Tax		4,122.91	3,692.16
Add : Depreciation		521.93	418.44
Less : Provision for Taxation		1,018.50	833.00
Less Taxation of Earlier year		66.59	
Operating Profit before working capital changes		3,559.74	3,277.60
Adjustments for :			
(Increase)/Decrease in Non Current Other Financial Assets		0.73	36.73
(Increase)/Decrease in Other Non Current Assets		(83.44)	(40.64)
(Increase)/Decrease in Change in Inventories		(2,018.51)	(150.23)
(Increase)/Decrease in Current Trade Receivables		(1,434.54)	(1,868.36)
(Increase)/Decrease in Current Other Financial Assets		(15.68)	(2.92)
(Increase)/Decrease in Current Tax Assets		-	4.32
(Increase)/Decrease in Other Current Assets		714.82	1,153.12
Increase/(Decrease) in Non Current Trade Payables		5.44	(1.58)
Increase/(Decrease) in Current Trade Payables		244.58	(619.89)
Increase/(Decrease) in Other Current Liabilities		(589.62)	1,433.69
Net Cash Flow from Operating Activities	TOTAL (A)	383.51	3,221.83
B CASH FLOW FROM INVESTING ACTIVITIES			
Deduction/(Addition) to Property, Plant and Equipment		(945.63)	(1,338.47)
Deduction/(Addition) to Non Current Financial Assets - Investment		(9.73)	-
Net Cash Flow from Investing Activities	TOTAL (B)	(955.36)	(1,338.47)
C. CASH FLOW FROM FINANCEING ACTIVITIES			
Proceeds from Long term borrowings		(130.02)	(1,429.36)
Proceeds from Short term borrowings		717.89	35.24
Dividend Paid		(228.64)	-
Net Cash Flow from Financing activities	TOTAL (C)	359.24	(1,394.12)
Net Increase in Cash & Cash Equivalents (A+B+C)		(212.62)	489.24
Cash and Cash Equivalents at the beginning of the year		831.05	341.81
Cash and Cash Equivalents at the end of the year		618.43	831.05
Net Increase in Cash & Cash Equivalents as at 31st March, 2023		(212.62)	489.24

As Per Our Report of even date
FOR SHWETA JAIN & CO
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

Priyanka

PRIYANKA JAJU
(Partner)
Membership No : 416197
Place : Mumbai
Dated : 15th May 2023
UDIN NO : 23416197BGWGET7172

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

For and on behalf of the Board

ASAD DAUD
MANAGING DIRECTOR
(DIN-02491539)

MUSTAFA A KACHWALA
WHOLETIME DIRECTOR & CFO
(DIN-03124453)

KINJAL SHAH
COMPANY SECRETARY
(M.No : A58678)

AEROFLEX INDUSTRIES LIMITED
(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

NOTE 1: CORPORATE INFORMATION:

AEROFLEX INDUSTRIES LIMITED is domiciled in India and incorporated under the provision of Companies Act, 2013. 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 100% foreign subsidiary at London, UK. The Company is a subsidiary company of Sat Industries Limited, a listed company, which holds 92.18% of the equity shares of the company. The company has been in process of registration of its other subsidiary company in United States of America names as Aeroflex Industries, Inc. however till the year ended no investment has been made by the company in the proposed subsidiary company.

NOTE 2 : SIGNIFICANT ACOUNTING POLICIES

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements:

a) Statement of Compliance with Ind AS :

These Standalone financial statements have been prepared in accordance with 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, as amended from time to time.

b) Basis of Preparation:

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.

The financial statements are presented in Indian Rupee (INR), 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.

c) 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.

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AEROFLEX INDUSTRIES LIMITED MUMBAI

ii) Expected to be realized within twelve months after the reporting period. Or

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

All the other assets are classified as non-current.

A liability is classified current when

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

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

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

The company classifies all other liabilities as non-current.

Further the management of the company provide the input 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.

Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

d) Use of estimates and judgements:

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

3.1 Property, plant and equipment and intangible assets:

Property, plant and equipment

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 Group'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 are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the Property, plant and equipment until it is ready for use, as intended by the management. 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.

Capital work-in-progress for production, supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete and the asset is ready for its intended use.

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.

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. The estimated useful lives of assets are as follows:

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AEROFLEX INDUSTRIES LIMITED MUMBAI

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

Type of Assets	Period of useful life of Assets
Factory Building	30 Years
Addition to factory Building for the year	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.

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AEROFLEX INDUSTRIES LIMITED MUMBAI

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.

3.2 Intangible Assets :

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. The estimated useful lives of intangible assets are as follows:

Computer Software 6 years

Intangible assets with finite lives are 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 each financial year end.

3.3 Investments :

The company do 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.

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AEROFLEX INDUSTRIES LIMITED MUMBAI

3.4 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 (INR), 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 :**
On initial recognition, 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. 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.
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 as earlier year.

3.5 Revenue Recognition :

The Company recognizes revenue from contracts with customers based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer 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

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

Sale of services & Other Operating Revenue :

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. As the company has material export & import activates therefore Profit and gains from the foreign exchange fluctuation from the receipts & payments of debtors & creditors and on their restatement at the year ended is forming part of the other operating revenue of the company.

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.

3.6 Taxation :

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income.

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 income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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AEROFLEX INDUSTRIES LIMITED MUMBAI

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. The Company has identified deferred tax for the Depreciation difference for the year. The company has made payments for gratuity amount on yearly basis towards the gratuity fund with LIC as per the actuarial valuation of the gratuity made by the corporation for the year and the same is considered as expenditure of the company on yearly basis therefore no deferred Tax working has been made for the same.

Current tax and deferred tax for the year :

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

3.7 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 incurred.

3.8 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

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

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.

3.9 Contingent liabilities and contingent assets :

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.

3.10 Financial instruments:

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

FINANCIAL ASSETS :

Initial recognition and measurement

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

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. These include trade receivables, loans, deposits, balances with banks, and other financial assets with fixed or determinable payments.

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

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-month expected credit losses. 12-month 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 :

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. 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.

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

FINANCIAL LIABILITIES :

Initial recognition and measurement
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.

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.

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

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 purchased in earlier years and 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 uniformly followed the practice.

De-recognition :

Financial assets liabilities are derecognized when, and only when, the obligations are discharged, cancelled or have expired. An exchange with a lender of a debt instruments with substantially different terms is accounted for as an extinguishment of the original financial assets and liability and recognition of a new financial assets and liability. Similarly, a substantial modification of the terms of an existing financial assets and liability is accounted for as an extinguishment of the original financial assets and liability and the recognition of a new financial assets and liability. The difference between the carrying amount of a financial assets and liability is derecognized and the consideration paid or payable is recognized in the Statement of Profit or Loss.

3.11 Employee Benefits :

Short-term Employee Benefits:

Liabilities for wages and salaries, 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.

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Post-employment benefits

a) Defined contribution plans

Employees benefits in the form of the Company's contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance are defined contribution schemes. Payments to defined contribution retirement plans are recognized as expenses when the employees have rendered the service entitling them to the contribution.

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 Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has made payments for the annual applicable gratuity liability to LIC gratuity Scheme where the gratuity liability will be paid to the employees by LIC when the same is due to pay. The liability for the defined gratuity benefit plan is provided on the basis of actuarial valuation carried out by Life Insurance corporation of India and the due payment is made on yearly basis to LIC towards the fund.

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3.12 Inventories :

Inventories are valued at after reviewing 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 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.

3.13 Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and short-term deposits with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 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).

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NOTE 4. Significant accounting judgments, estimates and assumptions :

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

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 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 judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

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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.

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AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

NOTE 5 : PROPERTY, PLANT AND EQUIPMENTS

(₹ in Lakhs)

	Freehold Land	Freehold Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment's	Air Conditioner	Computer	Electrical Installation	Testing Equipment's	Workshop Tool & Equipment's	Water Cooler	TOTAL
Year Ended as on 31st MARCH, 2023													
Gross Carrying Amount as on 01/04/2022	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 charge 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 AS ON 31.03.2023	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
Year Ended as on 31st March, 2022													
Gross Carrying Amount as on 01/04/2021	1,621.39	2,316.59	4,969.13	334.98	32.14	153.65	26.27	159.00	521.46	51.29	289.28	12.72	10,487.92
Additions	-	80.09	413.70	21.20	29.17	13.42	-	32.37	-	36.46	59.68	2.40	688.50
Exchange Difference	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets include in a disposal group for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-				-	(0.13)	(0.53)	(0.40)	-		-		(1.06)
Closing 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
Accumulated Depreciation	-	1,573.53	3,362.18	281.41	2.76	121.72	22.41	138.16	503.91	42.00	127.29	10.52	6,185.91
Depreciation charge during the year	-	79.90	192.66	11.24	19.22	14.90	1.26	17.82	0.60	11.81	55.79	1.89	407.10
Assets include in a disposal group for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Difference	-	-	1.41	-	-	-	-	-	-	-	-	-	1.41
Disposals	-	-	-	-	-	(0.09)	(0.50)	(0.37)	-	-	-	-	(0.96)
Closing 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
NET CARRIYING AMOUNT AS ON 31.03.2022	1,621.39	743.25	1,826.57	63.53	39.32	30.42	2.57	35.36	16.95	33.95	165.88	2.71	4,581.90

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED
(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

NOTE 6: INTANGIBLE ASSETS

(₹ in Lakhs)

PARTICULARS	Gross Block				Accumulated Depreciation					Exchange Fluctuation	Net Block	
	As at 01.04.2022	Additions	Sale/Impairment during the year	As at 31.03.2023	As at 01.04.2022	Provided For the year	Depreciation adjusted during the year	Adjusted of the Earlier year	As at 31.03.2023	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Intangible Assets												
Software & Licences	81.41	71.06		152.47	52.10	22.92		-	75.03	-	77.44	29.31
TOTAL	81.41	71.06	-	152.47	52.10	22.92	-	-	75.03	-	77.44	29.31
Previous year	64.94	16.47	-	81.41	40.76	11.35	-	-	52.10	-	29.31	24.18

AEROFLEX INDUSTRIES LIMITED
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NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 7: NON-CURRENT INVESTMENTS

(₹ in Lakhs)

SR NO	PARTICULARS	Paid up value	As at March 31, 2023		As at March 31, 2022	
			No. of shares	Amount in (₹)	No. of shares	Amount in (₹)
A)	Investment in Equity Instruments Quoted-Others (at fair value through OCI) Fully paid up	-	-	-	-	-
	Unquoted Subsidiaries (at cost) Aeroflex Industries Limited - UK (E/s 2000 of £ 10 each)	£ 10 each	2,000	19.28	1,000	9.55
	Total		2,000	19.28	1,000	9.55

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NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ In Lakhs)

PARTICULARS		As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
NOTE 8 : NON CURRENT - OTHER FINANCIAL ASSETS			
Balance with Revenue Authorities		-	0.73
	TOTAL	-	0.73
NOTE 9 : NON CURRENT - OTHER NON CURRENT ASSETS			
Advance to Supplier		2.01	3.59
Security Deposits		55.97	55.70
Repair & Maintenance (To be amortised)		162.55	58.98
Retention Money		1.88	1.46
IPO Related Expenses		35.38	29.75
Residual Value of Impaired Assets		-	24.88
	TOTAL	257.79	174.36
NOTE 10 : CURRENT - INVENTORIES			
Raw Material In Stock (At Cost)		2,361.85	2,121.71
Work In Progress In Stock (At Cost)		2,935.92	738.74
Finished goods In Stock (At Cost)		302.92	721.73
	TOTAL	5,600.70	3,582.19

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NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 11 : TRADE RECEIVABLES

(₹ in Lakhs)

SR NO	PARTICULARS	Outstanding for following YEARs from due date of payment as on 31.03.2023					TOTAL	Outstanding for following YEARs from due date of payment as on 31.03.2022					TOTAL
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		Less than 6 Months	Less than 1 year	1-2 years	2-3 years	More than 3 years	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	
i)	Undisputed Trade Receivables - considered good	5,499.90	1,103.21	19.07	33.40	24.80	6,680.38	5,103.23	43.86	72.86	8.95	16.94	5,245.84
ii)	Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-	-	-
iii)	Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-	-	-	-	-	-
iv)	Disputed Trade receivables - considered good	-	-	-	-	15.40	15.40	-	-	-	15.40	-	15.40
v)	Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-	-	-
vi)	Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	5,499.90	1,103.21	19.07	33.40	40.19	6,695.78	5,103.23	43.86	72.86	24.34	16.94	5,261.23

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AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
NOTE 12 : CASH & CASH EQUIVALENTS			
Cash on hand			
In Rupees		0.31	0.79
In Foreign Currency		5.57	1.89
Balances with banks:			
- On current accounts		600.44	816.05
	TOTAL	606.32	818.72
NOTE 13 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENT			
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date		12.11	12.33
	TOTAL	12.11	12.33
NOTE 14 : OTHERS FINANCIAL ASSETS			
Advance to Staff		61.34	45.66
	TOTAL	61.34	45.66
NOTE 15 : OTHER CURRENT ASSETS			
Advance to Suppliers		2,164.78	2,713.53
Balance with Revenue Authorities		252.05	426.70
Prepaid Expenses		42.75	34.17
	TOTAL	2,459.58	3,174.40

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AEROFLEX INDUSTRIES LIMITED ★ MUMBAI

AEROFLEX INDUSTRIES LIMITED

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NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

NOTE 16 : SHARE CAPITAL

a) Shares Details

PARTICULARS	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Authorised Share Capital				
Equity Shares of ₹ 2/- each (PY ₹ 10/- each)	17,50,00,000	3,500.00	2,40,00,000	2,400.00
Series "A" Compulsorily Convertible Preference Shares of Rs. 10/- each	10,00,000	100.00	10,00,000	100.00
Series "A" Compulsorily Convertible Preference Shares of Rs. 200/-	10,00,000	2,000.00	10,00,000	2,000.00
	17,70,00,000	5,600.00	2,60,00,000	4,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 2/- each (PY ₹ 10/- each)	11,43,20,370	2,286.41	2,28,64,074	2,286.41
TOTAL	11,43,20,370	2,286.41	2,28,64,074	2,286.41

b) Reconciliation of Equity shares :

PARTICULARS	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Shares outstanding at the beginning of the year	2,28,64,074	2,286.41	2,28,64,074	2,286.41
Cancelled shares	(2,28,64,074)	(2,286.41)	-	-
Fresh shares issued on account of split of shares at face value of ₹ 2/- each (*)	11,43,20,370	2,286.41	-	-
Shares Issued during the year	NIL	NIL	NIL	NIL
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	11,43,20,370	2,286.41	2,28,64,074	2,286.41

c) Shares held by its holding Companies:

Name of Shareholder	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	%	No. of Shares	%
Sat Industries Limited	10,53,77,040	92.18%	2,10,75,408	92.18%

d) Name of the shareholders holding more than 5% Equity shares in the company:

Name of Shareholder	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	%	No. of Shares	%
Sat Industries Limited	10,53,77,040	92.18%	2,10,75,408	92.18%
Italica Global FZC	74,54,830	6.52%	14,90,966	6.52%

The Company has vide resolution passed at the meeting of the Board of Directors dated February 13, 2023 and resolution of Shareholders passed in the EGM dated February 15, 2023 approved the sub-division of 01 (one) Equity Share of face value ₹10/- each into 05 (Five) Equity Shares of face value ₹02/- each and incidental change in authorized equity share capital of the Company from 35,000,000 Equity Shares of ₹10/- each, to 175,000,000 Equity Shares of ₹ 02/- each & Paid up Share Capital from 2,28,64,074 Equity Shares of ₹10/- each, to 11,43,20,370 Equity Shares of ₹ 02/- each. Previous year equity shares are shown at Rs 10/- each

SHWETA JAIN & CO. Chartered Accountant THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

NOTE NO 17 : STATEMENT OF CHANGE IN EQUITY

A. Equity Share Capital

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 31/03/2023	2,286.41	-	-	-	2,286.41
For the Year ended on 31/03/2022	2,286.41	-	-	-	2,286.41

B. Promotors Holding

Name of Promotors	Shares Held at the end of the year 31/03/2023		% of Change during the year	Shares Held at the end of the year 31/03/2022		% of Change during the year
	No of Shares Held	% of Total Shares		No of Shares Held	% of Total Shares	
Sat Industries Limited	2,10,75,408	92.18%	-	2,10,75,408	92.18%	-

C. Other Equity

	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	Other Reservice - General Reserve	Retained earnings								
Balance at the beginning of the reporting YEAR-01/04/2022	-	-	-	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	-	-	-	-	-	3,015.60	-	-	-	-	-	-	-	3,015.60
Dividends	-	-	-	-	-	(228.64)	-	-	-	-	-	-	-	(229)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other Change (to be Specify)						-								-
Balance at the end of the reporting year -31.03.2023	-	-	-	2,419.49	-	6,712.84	-	-	-	-	-	-	-	9,132.33

	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-01/04/2021	-	-	-	2,419.49	-	1,168.85	-	-	-	-	-	-	-	3,588.34
Changes in accounting policy/ prior year errors	-	-		-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	2,757.03	-	-	-	-	-	-	-	2,757.03
Other comprehensive income	-	-		-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	-	-	2,757.03	-	-	-	-	-	-	-	2,757.03
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other Change (to be Specify)						-								-
Balance at the end of the reporting year -31.03.2022	-	-	-	2,419.49	-	3,925.88	-	-	-	-	-	-	-	6,345.37

As Per Our Report of even date
FOR SHWETA JAIN & CO
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

Priyanka

PRIYANKA JAJU
(Partner)
Membership No : 416197
Place : Mumbai
Dated : 15th May 2023
UDIN No : 23416197BGWGET7172

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

For and on behalf of the Board

Asad

ASAD DAUD
(MANAGING DIRECTOR)
(DIN-02491539)

MUSTAFA A KACHWALA
(WHOLETIME DIRECTOR & CFO)
(DIN-03124453)

KINJAL SHAH
(COMPANY SECRETARY)
(M.No : A58678)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ In Lakhs)

PARTICULARS	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
NOTE 18 : NON CURRENT BORROWINGS		
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)	-	235.44
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	1,251.11
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	584.02
Kotak Mahindra Bank Ltd - Car Loan (Secured against hypothecation of Motor Car)	-	10.71
Kotak Mahindra Bank Ltd - Vehicle Loan (Secured against hypothecation of Bus)	12.12	17.37
TOTAL	1,968.63	2,098.64
NOTE 19 : OTHER NON CURRENT LIABILITIES		
Total outstanding dues of creditors towards Capital Goods	98.57	93.13
TOTAL	98.57	93.13
NOTE 20 : CURRENT BORROWINGS		
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)	-	98.88
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	1,027.64
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	272.74

SHWETA JAIN & CO. THANE Chartered Accountants

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
Kotak Mahindra Bank Ltd - Car Loan (Secured against hypothecation of Motor Car)	10.82	10.05
Kotak Mahindra Bank Ltd - Vehicle Loan (Secured against hypothecation of Bus)	5.25	4.78
Unsecured Loans:		
From Related Parties	-	-
From Non Related Parties	705.59	400.00
TOTAL	2,531.97	1,814.08

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED
(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 21 : TRADE PAYABLE

(₹ in Lakhs)

SR NO	PARTICULARS	Outstanding for following YEARs from due date of payment as on 31.03.2023				Total	Outstanding for following YEARs from due date of payment as on 31.03.2022				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	
i)	Total outstanding dues of micro enterprises and small enterprises	883.08	-	-	-	883.08	8.66	-	-	-	8.66
ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,777.56	-	-	2.40	2,779.96	3,406.41	1.00	2.40	-	3,409.81
iii)	Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-	-
iv)	Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-	-
		3,660.64	-	-	2.40	3,663.05	3,415.06	1.00	2.40	-	3,418.47

Note : There are no unbilled and Not due trade payables, hence the same are not disclosed in the ageing schedule

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
NOTE 22 : CURRENT - OTHER CURRENT LIABILITIES		
Statutory due payable	34.90	37.84
Advance from customer	473.21	921.05
Sundry Payables for Capital Goods	39.32	7.34
Sundry Payables for Expenses	545.37	569.15
Provision for Gratuity	-	-
TOTAL	1,092.79	1,535.38
NOTE 23 : CURRENT - CURRENT TAX LIABILITIES		
Provisions for Tax (Net of Advance Tax & TDS)	607.16	754.19
TOTAL	607.16	754.19

SHWETA JAIN & CO. ★ Chartered Accountant ★ THANE

AEROFLEX INDUSTRIES LIMITED ★ MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
NOTE 24 : REVENUE FROM OPERATION			
Sale of Products :			
- Domestic Sales		4,334.54	2,942.78
- Export Sales		21,718.02	20,355.92
- Scrap Sales		219.41	158.06
	TOTAL	26,271.97	23,456.76
Other operating Revenue :			
Foreign Exchange Fluctuation		531.33	323.69
Misc. Operating Revenue		134.58	299.10
	TOTAL	26,937.88	24,079.55
NOTE 25 : OTHER INCOME			
Interest Income			
- On fixed deposits designated as amortized cost		0.44	0.57
- On Others		1.27	4.66
Profit on sale of Fixed Assets		0.50	0.10
Income Tax Refund		1.69	0.26
Insurance Claim Received		-	13.93
	TOTAL	3.90	19.53
NOTE 26 : COST OF MATERIAL CONSUMED			
Opening Stock of Raw Material & Consumables		2,121.71	1,998.27
Add : Purchase of Raw Material & Consumables		19,017.82	15,756.42
	TOTAL	21,139.53	17,754.70
Less : Closing Stock of Raw Material & Consumables		2,354.79	2,121.71
	Cost of Material Consumed	18,784.74	15,632.98
NOTE 27 : CHANGE IN INVENTORIES			
Inventories at the beginning of the year			
-Work-in-progress		738.74	1,002.30
-Finished goods		721.73	431.38
		1,460.47	1,433.69
Less: Inventories at the end of the year			
-Work-in-progress		2,935.92	738.74
-Finished goods		302.92	721.73
		3,238.84	1,460.47
	Decrease/(Increase) in Inventories	(1,778.37)	(26.79)
NOTE 28 : EMPLOYEES BENEFITS EXPENSES			
Salaries, Wages, Bonus and Other Allowances		2,016.28	1,546.56
Contribution to Provident Fund and ESI		84.00	68.50
Gratuity and compensated absences expenses		89.64	4.87
Staff welfare expenses		125.22	132.07
	TOTAL	2,315.14	1,752.00

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
NOTE 29 : FINANCE COST			
Interest on borrowing		284.55	561.19
Finance Charges towards Loan Processing & Stamp duty		43.99	15.08
Interest Paid to Creditors		14.69	6.81
Finance Management Charges		111.82	42.00
	TOTAL	455.05	625.08
NOTE 30 : DEPRECIATION AND AMORTIZATION EXP			
Depreciation Cost		499.00	407.10
Amortization Cost		22.92	11.35
	TOTAL	521.93	418.44
NOTE 31 : OTHER EXPENSES			
Power & Fuel		257.57	292.61
Freight Inward		66.38	67.14
Repair & Maintenance		567.22	584.26
Processing Labour Charges		72.76	34.23
Testing & Calibration charges		13.71	17.55
Cylinder Rent		5.40	5.85
Export Freight , Handling & Clearing Charges		225.83	324.74
Freight Outward & Octroi		105.26	57.71
Commission Expenses		38.50	25.81
License & Consultancy Fees		142.92	73.37
Water Charges		6.83	7.22
Rates & Taxes		15.75	53.71
Travelling Expenses		182.60	20.90
Bank Charges & Commission		32.44	35.66
Office Expenses		137.32	186.92
Computer & Software Exp		43.91	25.44
Conveyance Expenses		52.21	53.21
Insurance Charges		57.13	58.45
Printing & Stationary		22.07	19.14
Telephone & Internet Expenses		22.75	14.38
Auditor Remuneration		8.50	2.60
Misc Expenses		53.40	17.64
Vehicle Expenses		8.16	11.91
CSR Activity Exp.		38.25	21.48
Sundry Balances Written off		31.59	30.14
Interest & Penalty Expenses		0.16	2.52
Advertisement Expenditure		4.05	-
Donation Paid		-	1.89
	TOTAL	2,212.67	2,046.49

SHWETA JAIN & CO. Chartered Accountants THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

NOTE 32 : OTHER NOTES :

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 the 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 are subject to 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. **Micro, Small & Medium Enterprises :**
The company has amount due to suppliers under Micro, Small and Medium Enterprises Development Act 2006 (MSMED) as at 31st March, 2023. The following informations 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 31st March 2023 :

(₹ in Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Outstanding Amount	883.08 Lakhs	8.66 Lakhs

There are amount outstanding for more than 45 days as at the balance sheet date for Rs 619.75 lakhs for which no provision for interest has been made. As per the management, the company has mutual understanding with such overdue parties for different payment terms while purchasing materials from them and the payment to them is made accordingly. Further the company has MSME registered supplier's overdue outstanding for Rs 32.64 lakhs with whom no such agreement exists and no Interest provision has been made for any of such outstanding amount at the year ended. As per management there

SHWETA JAIN & CO. Chartered Accountant THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

are no MSME registered parties with whom the company has any dispute related to the overdue outstanding amount and the amount so outstanding is due to various business issues & compliances in normal course and the same shall be settled with due course of time.

V. The company has not traded or invested in crypto currency or virtual currency during the financial year.

VI. 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.

VII. **Corporate Social Responsibility :**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are mainly towards contribution given to the approved trust through which such expenses has been incurred. The following disclosure has been given with respect to the CSR activities of the company held during the previous year:

(i) Gross amount required to be spent by the company during the financial year is for Rs. 31.05 Lakhs. The amount spent during the year till the date of Balance sheet is for Rs 38.25 Lakhs of which 6.75 Lakhs is pertaining to the spending done for earlier year whereas Rs 31.50 Lakhs has been spent from the amount required to be spend during the year and/or before the time period stipulated in the companies Act.

(ii) CSR expenditure incurred during the year ended :
- Construction/acquisition of any asset : NIL
- On purposes other than the above : 31.50 Lakhs

(iii) Related Party Transaction: No related party sending has been done by the company for CSR spending.

(iv) The company performed CSR activities by way of contribution to the eligible trust for the CSR related activities.

VIII. 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's and intangible assets held by the company were done during the previous year, as the management is in 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 is required to be disclosed separately.

IX. 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.

X. The company has outstanding foreign currency loan availed from Kotak Mahindra Bank Ltd during the preceding years and also working capital Term loan availed during the year. The loan so availed is charged with immovable properties of the company and hypothecation of all present and future current & Fixed (Movable & Immovable) assets of the company, plant & machinery located at factory premises. The total such charge registered with ROC is for Rs 4334 Lakhs. The Periodic statements related to the inventory has been submitted with the bank. There is some material variation in the stock statement submitted to bank as compared to the inventory as shown in the Balance sheet. As per the management, the variation is mainly due to the time gap of the stock in trade as reported to the bank and the total stock in trade held by the company. The stock in trade submitted to the bank is only for the items held in stock for the period upto 120 days where as in the balance sheet, the overall stock in trade held at the year ended has been reported.

XI. The company has not been declared as willful defaulter by any bank or financial Institution or any other lender during the financial year.

XII. The company do not had 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.

XIII. The company has registered all the charges which are required to be registered under the terms of the loans & liabilities and submitted documents with ROC within statutory period.

XIV. As per the informations & 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.

XV. As per the informations & 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 provided 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 guarantee, security or like manner on behalf of the funding party.

XVI. 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.

XVII. There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

XVIII. The financial statements has been authorized for issue by the Board of directors on dated 15th May 2023.

XIX. 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.

XX. DIVIDEND :
The company has declared dividend for the FY 2021-22 in the Annual General meeting of the company held on 3rd September 2022. The dividend so declared has been accounted and adjusted from the accumulated brought forward balance of the profit & loss account.

XXI. 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.

S. Jain & Co. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

PARTICULARS	As at 31st March 2023	As at 31st March 2022
Borrowings		
Long term and Short term borrowings	2,674.22	2,498.64
Current maturities of Long term borrowings	1,826.38	1,414.08
Less: cash and cash equivalents	606.32	818.72
Less: Bank balances other than cash and cash equivalents	12.11	12.33
Adjusted net debt	**3,882.17**	**3,081.67**
Total Equity	11,418.74	8,631.78
Adjusted net debt to adjusted equity ratio	**0.34**	**0.36**

2. CATEGORIES OF FINANCIAL INSTRUMENTS:

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
Financial assets		Carrying Value	Fair Value	Carrying Value	Fair Value
Measured at amortized cost					
i) Cash and cash equivalent	12	606.32	606.32	818.72	818.72
ii) Other Bank balance	13	12.11	12.11	12.33	12.33
iii) Trade receivables	11	6,695.78	6,695.78	5,261.23	5,261.23
iv) Other Financial Assets – Non Current	9	59.86	59.86	60.75	60.75
v) Other financial assets - Current	14 & 15	2,226.12	2,226.12	2,759.19	2,759.19
Total Financial assets		9,600.19	9,600.19	8,912.20	8,912.20
Financial Liabilities					
Measured at amortized cost					
i) Cash Credit facilities	-	-	-	-	-
ii) Borrowings-Non current	18	1,968.63	1,968.63	2,098.64	2,098.64
iii) Borrowings – Current	20	2,531.97	2,531.97	1,814.08	1,814.08
iv)Trade payables	21	3,663.05	3,663.05	3,418.47	3,418.47
v) Other Financial Liabilities – Non Current	19	98.57	98.57	93.13	93.13
vi) Other Financial Liabilities – Current	22	1,092.79	1,092.79	1,535.38	1,535.38
vii) Current Tax Liabilities(Net)	23	607.16	607.16	754.19	754.19
Total financial liabilities		9,962.17	9,962.17	9,713.89	9,713.89

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.

SUNITA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

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 companies of 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 its borrowing has mainly in 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 has also availed term loans in foreign currency from bank which are exposed to foreign exchange risk. 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.
Exposure to currency risk : 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, 2023 :

Rs. In Lakhs

Particulars	Exposure Currency	As at 31.03.2023	As at 31.03.2022
Financial Assets	USD	5,631.05	4,188.07
	EURO	1,099.98	1,323.23
	GBP	120.96	146.29
	AED	0.14	-
TOTAL		6,852.12	5,657.59
Financial Liabilities	USD	1,052.75	1,417.72
	EURO	3,281.82	2,802.67
	GBP	-	-
	AED	-	-
TOTAL		4,334.57	4,220.39

iii) Management of price risk :

The company has no surplus for investment in debt mutual funds, deposits etc. The company does make very material deposit with the banks to provide security/margin against guarantee given by the banks. Deposit is made in Fixed rate instrument. In view of this it is not susceptible to market price risk, arising from changes in interest rates or market yields which may impact the return and value of the investments.

B) Management of Credit Risk :

Credit risk refers to the risk of default on its obligations by a counterparty to the company resulting in a financial loss to the company. The company is exposed to credit risk from its operating activities ie 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 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.

PARTICULARS	As at 31st March 2023	As at 31st March 2022
Unsecured		
- Considered good	6,695.78	5,261.23
Gross Trade Receivables	**6,695.78**	**5,261.23**
Less: Loss Allowance	-	-
Net Trade Receivables	**6,695.78**	**5,261.23**

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 Rs.15435.82 lakhs (PY 2022-Rs. 12894.52 Lakhs) including cash and cash equivalents and other bank balances of Rs. 618.43 lakhs (2022-Rs. 831.05 lakhs) against an aggregate current liability of Rs. 7,894.97 lakhs (2022-Rs.7522.12 lakhs) non-current liabilities due between one year to three years amounting to Rs. 98.57 lakhs (2022- 93.13) and non-current liabilities due after three years amounting to NIL (2022 – NIL) on the reporting date. Further, while the company's total equity stands at Rs. 11418.74 lakhs (2022-Rs. 8631.78), it has non-current borrowings of Rs. 1,968.63 lakhs (2022-Rs. 2098.64). 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.

D) **Fair value measurement**

Fair value hierarchy :

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1 : Quoted prices (unadjusted) in active market for identical assets or liabilities.

SHWETA JAIN & CO. THANE ★ Chartered Accountant ★

AEROFLEX INDUSTRIES LIMITED MUMBAI

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

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as level 3 and fair determined using discounted cash flow basis. Similarly, unquoted equity instruments where most recent information to measure fair value is instruments, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for level 3 inputs during the year. The company has not classified any material financial instruments under level 3 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the year. The Fair Value hierarchy of all the financial assets and financial liabilities has been measured at fair value on recurring basis for Level -2 for the year ended 31st March 2023 as well as in previous year ended on 31st March 2022.

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XXII. 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 Rs. 70.87 lakhs has been included under contribution to provident funds.

ii) **Defined Benefit Plan:** Gratuity cost amounting to Rs.89.64 lakhs till the year ended and the same has been paid to the LIC gratuity fund as calculated based on actuarial valuation of the gratuity made by the Life insurance corporation.

XXIII. Capital Work in progress (CWIP) :

The company has incurred expenses towards setting up & commissioning and for purchase of the equipment's for the expansion project and the same has been shown under the capital work in progress for the company. The expenses incurred for the project work in progress and which is not ready for put to use till the year ended is for Rs. 64.25 lakhs. The Ageing schedule of tangible assets under CWIP is as follows:

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AEROFLEX INDUSTRIES LIMITED MUMBAI

(₹ in Lakhs)

CWIP	Amount in CWIP for the period of				TOTAL
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Expansion Projects in progress	64.25	-	-	-	64.25

XXIV. Intangible assets under development:

The company has incurred expenses towards development of SAP software for the company during the financial year 2020-21. The software so developed was put to use during the current year. The expenses so incurred is for Rs 26.11 which has been shown under the intangible assets WIP in previous financial years and the same has been capitalized during the year.

XXV. REMUNERATION TO AUDITORS: (₹ in Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Statutory Audit Fee	2.50	2.00
Other Matters	6.00	0.60

XXVI. Earnings Per Share (₹ in Lakhs)

PARTICULARS	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
Net profit after taxation for the year (₹ in Lakhs)	3,015.60	2,757.03
Number of Equity shares for Basic / Diluted EPS	11,43,20,370	2,28,64,074
Nominal Value of Equity Shares (₹)	2	10
Basic / Diluted earnings per Equity Share (₹)	2.64	12.06

The Company has vide resolution passed at the meeting of the Board of Directors dated February 13, 2023 and resolution of Shareholders passed in the EGM dated February 15, 2023 approved the sub-division of 01 (one) Equity Share of face value ₹10/- each into 05 (Five) Equity Shares of face value ₹02/- each and incidental change in authorized equity share capital of the Company from 35,000,000 Equity Shares of ₹10/- each, to 175,000,000 Equity Shares of ₹ 02/- each & Paid up Share Capital from 2,28,64,074 Equity Shares of ₹10/- each, to 11,43,20,370 Equity Shares of ₹ 02/- each. Previous year equity shares are shown at Rs 10/- each and EPS is also calculated accordingly.

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AEROFLEX INDUSTRIES LIMITED MUMBAI

XXVII. DEFERRED TAX ASSETS/(LIABILITIES):

The tax effect of the items constituting deferred tax is as under:

(₹ in Lakhs)

PARTICULARS	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
Opening Balance- Deferred Tax Assets/(Liabilities)	(5.81)	0.85
Add : Deferred Tax Assets/(Liabilities) for the year	(22.21)	(6.66)
Deferred Tax Assets/(Liability) (A)	**(28.02)**	**(5.81)**
Opening Balances of Deferred tax Assets	-	95.47
Add : Deferred Tax Assets/(Liabilities) for the year	-	(95.47)
Deferred Tax Assets/(Liability) (B)	-	-
Net Deferred Tax Assets/(Liability) (A+B)	**(28.02)**	**(5.81)**

XXVIII. Company has over due receivables against the export realization of goods for INR equivalent to 2871.42 Lakhs due to the various business reasons. Further as per the information's 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.

XXIX. No scheme of arrangement has been approved by the competent authority in terms of sections 230 to 237 of the companies act, 2013.

XXX. The management is of the opinion that there is no contingent liability exists at the year ended therefore no separate provision is made for the same. There will be liability of the interest on the short fall in payment of advance Tax for the FY 2022-23 and also may attract liability of interest on the overdue MSME suppliers balance of Rs 32.64 lakhs for which no specific agreement or term sheet has been signed for the payment terms and are overdue outstanding because of the various business issues & compliances in normal course and the same shall be settled with due course of time. No provision for the same has been made on the balance sheet date.

XXXI. RELATED PARTY DISCLOSURES:

i. Key Management Personnel :

- Asad Daud : Managing Director
- Mustafa Abid Kachwala : Wholetime Director & CFO
- Kinjal Shah : Company Secretary & Compliance Officer
- Deepak Kalera : CFO (Resigned on 4th June 2022)

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AEROFLEX INDUSTRIES LIMITED MUMBAI

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

Transaction carried out with Related Parties & KMP during the year:

(₹ in Lakhs)

PARTICULARS	Nature of Relation	NATURE OF TRANSACTION	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Asad Daud	KMP	Director Remuneration	83.10	38.39
		Dividend Paid	0.001	-
Mustafa A Kachwala	KMP	Director Remuneration	10.64	9.61
		Dividend Paid	0.001	-
Sat Industries Ltd	Holding Co.	Interest on Loan	7.69	90.50
		Loan Taken & Repaid	400.00	607.86
		Financial Management Charges	111.82	42.00
		Dividend Paid	210.75	-
Aeroflex Industries Ltd UK	Subsidiary Co	Commission Paid	6.83	0.60
		Payment towards Share Capital	9.73	-
Kinjal Shah	KMP	Salary Paid	5.87	1,81
Deepak Kalera	KMP	Salary Paid	16.00	-
Italica Global FZC	Subsidiary of the holding co.	Sales	374.03	628.29
		Dividend Paid	14.91	-

XXXII. The company has been holding the Plant, Machinery and equipment's impaired during the earlier year and the same has been sold during the current year. The profit & loss of the same has been booked separately under the other income shown in the profit & Loss account. There is no other impaired assets at the year ended.

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

XXXIII. Ratios Analysis :

Sr No	Particulars of Ratio	Details	Ratio as on 31st March 2023	Ratio as on 31st March 2022
1	Current Ratio	Current Assets / Current Liabilities	1.96	1.71
2	Debt-Equity Ratio,	Total Debt / Total Equity	0.39	0.45
3	Debt Service Coverage Ratio	PBITDA/ Interest + Current Debt	1.59	2.15
4	Return on Equity Ratio,	PAT/ shareholder's equity	0.30	0.38
5	Inventory turnover ratio	Cost of Goods Sold / Average Inventory	5.87	6.87
6	Trade Receivables turnover ratio,	Net Credit Sales / Average Accounts Receivable	4.39	5.42
7	Trade payables turnover ratio	Net Credit Purchases / Average Accounts Payable	5.37	4.23
8	Net capital turnover ratio	Income from Operations / Average Working capital	3.57	4.48
9	Net profit ratio	(PAT/Revenue from Operation) *100	11.19%	11.45%
10	Return on Capital employed,	{PBIT/ (Total Equity + Long Term Debts) }*100	34.12%	40.21%
11	Return on investment.	Net income / Cost of Investment	-	-

Explanation for the change in the ratio for more than 25% as compared with the previous year is as follows :

- **Reduction in debt equity Ratio** is due to substantial repayment of the loan during the year and also the total equity has increased due to increase in retained earnings of the company.

- **Trade payables turnover ratio** has increased due to better management of the cash flow for the increased credit purchases during the year.

XXXIV. FOREIGN EXCHANGE INFLOW & OUTFLOW

a) **Foreign Exchange Outflow:**

(₹ in Lakhs)

PARTICULARS	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Traveling & Hotel Expenses	129.94	20.90
Payment Towards Services & Other Expenses	55.97	14.52
Subscription in equity shares of subsidiary co.	9.73	-
TOTAL	195.64	35.42

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

b) **Foreign Exchange inflow:**

(₹ in Lakhs)

PARTICULARS	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
F.O.B Value of Exports	21,404.67	20,355.92
TOTAL	21,404.67	20,355.92

c) **CIF Value of Import:**

(₹ in Lakhs)

PARTICULARS	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Raw Material & Fittings	8,343.93	7,217.85
Capital Goods	261.23	142.51
TOTAL	8,605.16	7,360.36

XXXV. EVENTS AFTER REPORTING DATE

The Board of Directors at their board meeting held on 15th May, 2023 have recommended final dividend of ₹ 0.20/- per fully paid up equity share of of ₹ 2/- each for the financial year ended March 31, 2023, subject to approval of shareholders at ensuing Annual General Meeting of the Company.

XXXVI. There are no outstanding derivative instruments as on 31st March, 2023. Foreign currency Exposures are at the year-end has not been hedged by the company by any derivative instrument or otherwise are given below:

(₹ in Lakhs)

PARTICULARS	CURRENCY	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Amount Receivable in foreign Currency			
1. Export of Goods	RS	6,010.70	4,824.29
	USD	60.12	45.82
	EURO	10.57	14.34
	UKP	1.19	1.47
2. Advance to Suppliers	RS	119.00	69.24
	USD	1.46	0.92
	EURO	-	-

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED
(CIN NO : U24110MH1993PLC074576)

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

Amount Payable in Foreign Currency			
1. Import of Goods	RS USD EURO	934.03 11.36 -	598.82 7.90 -
2. Advance - Customers	RS USD EURO	504.17 6.00 0.12	905.74 10.80 1.14
3. Spares & Others	RS EURO	98.57 1.10	71.26 1.10
4. Foreign Currency Term Loan	RS EURO	3,183.25 35.52	2,613.06 30.86

XXXVII. The Company has filed DRHP on dated 31st March 2023 with SEBI for coming out with Initial Public Offer (IPO) and the same is pending for approval.

XXXVIII. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Notes from "1 " to " 32 " form an integral part of the Accounts.

As per our Report of even date attached

FOR SHWETA JAIN & CO
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

SHWETA JAIN & CO. THANE Chartered Accountant

Priyanka

PRIYANKA JAJU
(Partner)
Membership No : 416197
Place : Mumbai
Dated : 15th May 2023
UDIN No : 23416197BGWGET7172

AEROFLEX INDUSTRIES LIMITED MUMBAI

For and on behalf of the Board

ASAD DAUD
(MANAGING DIRECTOR)
(DIN-02491539)

MUSTAFA A KACHWALA
WHOLETIME DIRECTOR & CFO
(DIN-03124453)

KINJAL SHAH
COMPANY SECRETARY
(M.No : A58678)

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AEROFLEX INDUSTRIES LIMITED

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2023

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AUDITORS

SHWETA JAIN & CO
CHARTERED ACCOUNTANTS

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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 31 March 2023, 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 significant 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, 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 'Auditor's 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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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 31 March 2023. 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 Auditor's 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 Holding Company's Annual Report, 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 auditor's 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. When we read the Holding Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's Responsibilities for the Consolidated Financial Statements:

The Holding Company's management and Board of Directors is responsible for the for the 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,

SHWETA JAIN & CO. Chartered Accountant THANE 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 each company.

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

SHWETA JAIN & CO. * THANE * Chartered Accountants 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 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.

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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.

Report on other Legal and Regulatory Requirements:

1.

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

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.

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, 2023, and taken on record by the Board of Directors, of the Holding Company as on 31 March 2023, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

SHWETA JAIN & CO. THANE Chartered Accountant

f) With respect to the adequacy of the internal financial controls 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"**.

B) With respect to the other matters to be included in the Auditor's Report in accordance with the rule 11 of the companies (Audit and Auditor's) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us :

a) The Group does not have any material pending litigations which would impact its financial position in financial statement.

b) The group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31 March 2023.

c) There were no amounts which is required to be transferred to the Investors Education and Protection Fund by the Group during the year ended 31 March 2023.

d)

i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall :

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall :

SHWETA JAIN & CO. THANE Chartered Accountant

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or

- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries

iii) 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 subclause (d)(i) and (d)(ii) contain any material mis-statement.

e) In respect of dividend proposed for the previous financial year 2021-22 and declared in annual general meeting for the previous year and paid by the Company during the year, the same is in compliance with Section 123 of the Companies Act, 2013. The Board of Directors of the Company have proposed dividend for the year ended 31st March 2023 in their Board of Directors meeting held on 15th May 2023 which is subject to the approval of the members at the ensuing Annual General Meeting for the year and the same has been reported as event after reporting period in the financial statement.

C) With respect to the matter to be included in the Auditors' report under Section 197(16) of the Act: In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Holding Company which is incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiaries which are incorporated in India, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

FOR SHWETA JAIN & CO.
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

SHWETA JAIN & CO. THANE Chartered Accountant

Priyanka

PRIYANKA JAJU
(Partner)
Membership No. : 416197
Place : Mumbai
Date : 15th May 2023
UDIN No : 23416197BGWGEU2154

ANNEXURE " A "TO THE INDEPENDENT AUDITOR'S 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 31st March, 2023)

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 auditor's report included in the consolidated financial statements.

FOR SHWETA JAIN & CO.
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

Priyanka

SHWETA JAIN & CO. THANE Chartered Accountant

PRIYANKA JAJU
(Partner)
Membership No. : 416197
Place : Mumbai
Date : 15th May 2023
UDIN No : 23416197BGWGEU2154

ANNEXURE " B "TO THE INDEPENDENT AUDITOR'S REPORT:

Report on the Internal Financial controls under Clause (İ) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, We have audited the internal financial controls over financial reporting of the holding company **AEROFLEX INDUSTRIES LIMITED** ("the Company") as of 31st March, 2023 which is the company incorporated in India.

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 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,

SHWETA JAIN & CO.
THANE
Chartered Accountant

and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 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, the holding Company has, 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 31st March

SHWETA JAIN & CO. THANE Chartered Accountant

2023, 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.

FOR SHWETA JAIN & CO.
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

Priyanka

PRIYANKA JAJU
(Partner)
Membership No. : 416197
Place : Mumbai
Date : 15th May 2023
UDIN No : 23416197BGWGEU2154

SHWETA JAIN & CO. ★ THANE ★ Chartered Accountant

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	Note No	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
ASSETS			
NON CURRENT ASSETS			
a) Property, Plant and Equipment	"5"	5,554.33	4,581.90
b) Property, Plant and Equipment - WIP		64.25	635.00
c) Intangible Assets	"6"	77.44	29.31
d) Intangible Assets - WIP		-	26.11
d) Financial assets			
i) Other financial assets	"7"	-	0.73
e) Other non-current assets	"8"	257.79	174.36
Total Non-Current Assets	(A)	5,953.82	5,447.40
CURRENT ASSETS			
a) Inventories	"9"	5,600.70	3,582.19
b) Financial Assets			
i) Trade Receivables	"10"	6,697.02	5,261.23
ii) Cash and cash equivalents	"11"	613.18	820.55
iii) Bank balances other than cash and cash equivalent	"12"	12.11	12.33
iv) Other financial assets	"13"	61.34	45.66
c) Other current assets	"14"	2,459.58	3,174.40
Total Current Assets	(B)	15,443.93	12,896.35
TOTAL ASSETS	C = (A+B)	21,397.75	18,343.75
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	"15"	2,286.41	2,286.41
b) Other equity	"16"	9,122.90	6,335.89
Total Equity	(D)	11,409.31	8,622.30
LIABILITIES			
Non-current Liabilities			
a) Financial liabilities			
i) Borrowings	"17"	1,968.63	2,098.64
b) Other Non current liabilities	"18"	98.57	93.13
c) Deferred tax Liability (Net)		28.02	5.81
Total non-current liabilities	(E)	2,095.21	2,197.57
Current Liabilities			
a) Financial liabilities			
i) Borrowings	"19"	2,531.97	1,814.08
ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	"20"	883.08	8.66
Total outstanding dues of creditors other than micro & small enterprises	"20"	2,779.96	3,409.81
b) Other current liabilities	"21"	1,091.05	1,537.14
c) Current Tax liabilities (Net)	"22"	607.16	754.19
Total Current Liabilities	(F)	7,893.23	7,523.88
Total Liabilities	G = (E+F)	9,988.44	9,721.46
TOTAL EQUITY AND LIABILITIES	H = (D + G)	21,397.75	18,343.75
Significant Accounting Policies Notes on Consolidated Financial Statement	1 to 31		

As Per Our Report of even date

FOR SHWETA JAIN & CO

CHARTERED ACCOUNTANTS

F.R.N. : 127673W

SHWETA JAIN & CO. ★ THANE ★ Chartered Accountant

Priyanka

PRIYANKA JAJU

(Partner)

Membership No : 416197

Place : Mumbai

Dated : 15th May 2023

UDIN No : 23416197BGWGEU2154

AEROFLEX INDUSTRIES LIMITED ★ MUMBAI

For and on behalf of the Board

ASAD DAUD

MANAGING DIRECTOR

(DIN-02491539)

MUSTAFA A KACHWALA

WHOLETIME DIRECTOR & CFO

(DIN-03124453)

KINJAL SHAH

COMPANY SECRETARY

(M.No : A58678)

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	Note No	For the year ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
REVENUES:			
Revenue from operations	"23"	26,946.10	24,080.01
Other Income	"24"	3.90	19.53
TOTAL INCOME		26,950.00	24,099.54
EXPENSES:			
Cost of Material Consumed	"25"	18,784.74	15,632.98
Changes in Inventories	"26"	(1,778.37)	(26.79)
Employee Benefit Expenses	"27"	2,315.14	1,752.00
Finance costs	"28"	455.05	625.08
Depreciation and amortisation expense	"29"	521.93	418.44
Other expenses	"30"	2,221.28	2,052.60
TOTAL EXPENSES		22,519.77	20,454.33
Profit/(loss) before exceptional item and tax		4,430.23	3,645.21
Exceptional item			
a) FCTL Exchange Fluctuation		307.71	(41.30)
Profit/(loss) before tax		4,122.52	3,686.51
Tax expense:			
(1) Current Tax		1,018.50	833.00
(2) Deferred tax Liability/(Assets)		22.21	102.93
(3) Taxation of Earlier Year		66.59	-
Profit/(loss) for the year from continuing operation		3,015.21	2,750.59
Profit/(Loss) from discontinued operations.		-	-
Tax expense of discontinued operations		-	-
Profit/(loss) from discontinued operation		-	-
Profit/(loss) for the year		3,015.21	2,750.59
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		0.44	0.05
d) Income tax relating to item that will be reclassified subsequently to profit or loss		-	-
Total Other Comprehensive income/(loss)		0.44	0.05

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

Total Comprehensive Income for the year		3,015.65	2,750.64
Earnings per equity share : (for continued Operation) in Rs			
(1) Basic		2.64	12.03
(2) Diluted		2.64	12.03
Earnings per equity share : (for discontinued Operation) in Rs			
(1) Basic		-	-
(2) Diluted		-	-
Earnings per equity share : (for discontinued & continuing operations) in Rs			
(1) Basic		2.64	12.03
(2) Diluted		2.64	12.03
Significant Accounting Policies Notes on Consolidated Financial Statement	1 to 31		

As Per Our Report of even date
FOR SHWETA JAIN & CO
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

SHWETA JAIN & CO. THANE Chartered Accountant

Priyanka

PRIYANKA JAJU
(Partner)
Membership No : 416197
Place : Mumbai
Dated : 15th May 2023
UDIN No : 23416197BGWGEU2154

For and on behalf of the Board

ASAD DAUD
MANAGING DIRECTOR
(DIN-02491539)

AEROFLEX INDUSTRIES LIMITED MUMBAI

MUSTAFA A KACHWALA
WHOLETIME DIRECTOR & CFO
(DIN-03124453)

KINJAL SHAH
COMPANY SECRETARY
(M.No : A58678)

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit (Loss) before Tax		4,122.52	3,686.51
Add : Other Comprehensive income/(loss)		0.44	0.05
Add : Depreciation		521.93	418.44
Less : Provision for Taxation		1,018.50	833.00
Less : Taxation of Earlier year		66.59	-
Operating Profit before working capital changes		3,559.79	3,272.00
Adjustments for :			
(Increase)/Decrease in Non Current Other Financial Assets		0.73	28.32
(Increase)/Decrease in Other Non Current Assets		(83.44)	(32.23)
(Increase)/Decrease in Change in Inventories		(2,018.51)	(150.23)
(Increase)/Decrease in Current Trade Receivables		(1,435.78)	(1,883.23)
(Increase)/Decrease in Current Other Financial Assets		(15.68)	(2.92)
(Increase)/Decrease in Current Tax Assets		-	4.32
(Increase)/Decrease in Other Current Assets		714.82	1,153.12
Increase/(Decrease) in Non Current Trade Payables		5.44	(1.58)
Increase/(Decrease) in Current Trade Payables		244.58	(615.18)
Increase/(Decrease) in Other Current Liabilities		(593.13)	1,433.91
Net Cash Flow from Operating Activities	TOTAL (A)	378.81	3,206.30
B. CASH FLOW FROM INVESTING ACTIVITIES			
Deduction/(Addition) to Fixed Assets		(945.63)	(1,338.47)
Payments to acquire financial assets			-
Net Cash Flow from Investing Activities	TOTAL (B)	(945.63)	(1,338.47)
C. CASH FLOW FROM FINANCEING ACTIVITIES			
Proceeds from Long term borrowings		(130.02)	(1,429.36)
Proceeds from Short term borrowings		717.89	35.24
Dividend Paid		(228.64)	-
Net Cash Flow from Financing activities	TOTAL (C)	359.24	(1,394.12)
Net Increase in Cash & Cash Equivalents (A+B+C)		(207.58)	473.71
Cash and Cash Equivalents at the beginning of the year		832.88	359.17
Cash and Cash Equivalents at the end of the year		625.29	832.88
Net Increase in Cash & Cash Equivalents as at 31ST MARCH, 2023		(207.58)	473.71

As Per Our Report of even date

FOR SHWETA JAIN & CO

CHARTERED ACCOUNTANTS

F.R.N. : 127673W

PRIYANKA JAJU

(Partner)

Membership No : 416197

Place : Mumbai

Dated : 15th May 2023

UDIN NO : 23416197BGWGEU2154

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

For and on behalf of the Board

ASAD DAUD

MANAGING DIRECTOR

(DIN-02491539)

MUSTAFA A KACHWALA

WHOLETIME DIRECTOR & CFO

(DIN-03124453)

KINJAL SHAH

COMPANY SECRETARY

(M.No : A58678)

NOTE 1: CORPORATE INFORMATION:

AEROFLEX INDUSTRIES LIMITED (the holding company) is domiciled in India and incorporated under the provision of Companies Act, 2013. 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. It has its 100% foreign subsidiary company named Aeroflex Industries Ltd (the subsidiary company) having registration No 12002556 has the registered office situated at 71-75, Shelton Street, Covent Garden London, WC2H 9JQ United Kingdom. The holding company has been in process of registration of its subsidiary company in United states of America names as Aeroflex Industries, Inc. however till the year ended no investment has been made by the company in the proposed subsidiary therefore the same is not forming part of consolidated financial statement for the year ended. The holding company along with its subsidiary company is collectively hereinafter referred as "Group". The Group as a whole is the subsidiary company of Sat Industries Limited, a listed company incorporated in India, which holds 92.18% of the equity shares of the holding company.

NOTE 2 : SIGNIFICANT ACOUNTING POLICIES

Significant accounting policies adopted by the Group are as under:

2.1 Basis of Preparation of Financial Statements:

a) Statement of Compliance with Ind AS :

These Consolidated financial statements have been prepared in accordance with 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, as amended from time to time.

b) Basis of Preparation :

The Consolidated financial statements 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 period. 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.

The financial statements are presented in Indian Rupee (INR), which is the functional currency of the holding company. The functional currency of the foreign subsidiary is the currency of the primary economic environment in which the entity operates. The recorded foreign currency transactions of the foreign subsidiary, which are forming part of its profit & loss account has be

SHWETA JAIN & CO. THANE Chartered Accountants

AEROFLEX INDUSTRIES LIMITED MUMBAI

translated at the average exchange rate for the year. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gain and loss arising prevailing on the settlement and restatement are recognized in the consolidated profit & loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies and are not been retranslated. The significant accounting policies used in preparation of the financial statement are discussed in the respective notes. All amounts disclosed in financial statements and notes have been rounded off to the nearest Lakhs Rupees with two decimal, unless otherwise stated.

c) Current or Non-current classification

All assets and liabilities has been classified as current and noncurrent as per the group's normal operating cycle. 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) Expected to be realized within twelve months after the reporting period. Or
iii) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is classified current when

i) It is expected to be settled in normal operating cycle;
ii) It is due to be settled within twelve months after the reporting period; or
iii) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

d) Use of estimates and judgements:

The preparation of financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. 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 year or in the year of the revision and future periods if the revision affects both current and future periods.

SHWETA JAIN & CO. Chartered Accountant THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

Basis of Consolidation:

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at 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.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

3.1 Property, plant and equipment and Other intangible assets:

Property, plant and equipment

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 Group'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 are stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the Property, plant and equipment until it is ready for use, as intended by the management. 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 are charged to Statement of Profit and Loss during the year.

SHWETA JAIN & CO. Chartered Accountant * THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

Capital work-in-progress for production and also supply of administrative purposes is carried at cost less accumulated impairment loss, if any, until construction and installation are complete and the asset is ready for its intended use. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as advances under other 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.

Depreciation methods and estimated useful lives:

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

Type of Assets	Period of useful life of Assets
Factory Building	30 Years
Addition to factory Building for the year	10 Years
Server and Networks	6 Years
Plant & Machinery	25 Years
Computer	3 Years
Vehicles	6 Years
Workshop Tools & Equipment	8 Years
Testing Equipment's	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.

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

SHWETA JAIN & CO. Chartered Accountants THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

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.

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 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.

3.2 Other Intangible Assets :

Intangible assets which are forming part of the holding company balance sheet are stated at acquisition cost, net of accumulated amortization. The Company amortized intangible assets over their estimated useful lives using the Written Down method. The estimated useful lives of intangible assets are as follows:

Computer Software 6 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and

SHWETA JAIN & CO. THANE Chartered Accountants

AEROFLEX INDUSTRIES LIMITED MUMBAI

the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year ended.

3.3 Investments :

The Group do not have any categorized investment other than the investment by the holding company in its foreign subsidiary which has been shown at the historical cost in the books of holding company and the same has been nullified on consolidation of the Balance sheets.

3.4 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 consolidated financial statements are presented in Indian rupee (INR) in Lakhs, which is the holding Company's functional and presentation currency.

b) **Transactions and balances :**
On initial recognition, 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. 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.

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 imported 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 consistently.

3.5 Revenue Recognition :

The Group recognizes revenue from contracts with customers based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Group identifies contract(s) with a customer 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

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

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 group 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 goods are considered as 'transferred' when the customer obtains control of those goods or as per the specific terms with customers for the supplies made by the company.

Sale of services & Other Operating Revenue :
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 period as a proportion of the total services to be provided. As the company has material export & import activates therefore Profit and gains from the foreign exchange fluctuation from the receipts & payments of debtors & creditors and on their restatement at the year ended is forming part of the other operating revenue of the group.

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 in the group. Interest income is accrued on a time basis, by reference to the principal outstanding and at the normal interest rate as applicable. Other Income in the group has been recorded where no significant uncertainty as to measurability or collectability exists.

3.6 Taxation :
The group has two major tax jurisdictions, which is in India and the United Kingdom and the group Companies file tax returns in India and other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the year in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which

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the deferred income tax assets are deductible, the Management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred tax assets & liabilities are considered realizable based on the income earned and the future sustainability of the business and their certainty there off. Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income.

Current Tax :

The current Tax 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 that have been enacted or substantially enacted by the end of the reporting period.

Provisions for current income taxes are presented in the balance sheet after offsetting advance tax & TDS paid. The holding company has adopted the Taxation bracket where in the MAT liability do not attract to the company and has done the provisions accordingly where as for the subsidiary company the rules of the overseas country are adopted.

Deferred Tax :

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. The Company has identified deferred tax for the Depreciation difference for the year. The company has made payments for gratuity amount on yearly basis towards the gratuity fund with LIC as per the actuarial valuation of the gratuity made by the corporation for the gratuity liability for the year ended and the same is considered as expenditure of the company on yearly basis therefore no deferred Tax working has been made for the same.

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Current tax and deferred tax for the year :

Current and deferred tax are recognized by the group in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in that case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. No deferred tax provisions has been made for the undistributed gains or losses of the subsidiary company.

3.7 Business Combinations:

The group account for its business combinations under acquisition method of accounting. The holding company has acquired equity in its foreign subsidiary directly on its incorporation therefore no other cost or valuation for the same required on acquisition. The additional equity investment made by the holding company in the equity of the subsidiary company during the year has been made at par and also such Business combination arising on transfer of the interest in the entities that are under common control and has accounted at historical cost.

3.8 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. 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 incurred.

3.9 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 period, 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.

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3.10 Contingent liabilities and contingent assets :

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.

3.11 Financial instruments:

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

FINANCIAL ASSETS :

Initial recognition and measurement

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

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or
b) at fair value through other comprehensive income; or
c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. These include trade receivables, loans, deposits, balances with banks, and other financial assets with fixed or determinable payments.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

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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 group measures the loss allowance for that financial instrument at an amount equal 12-month expected credit losses. 12-month 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 :
The group 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. 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.

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FINANCIAL LIABILITIES :

Initial recognition and measurement

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.

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 group are recognized at the proceeds received.

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.

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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 period, 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 purchased in earlier years and 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 uniformly followed the practice.

De-recognition :

Financial assets liabilities are derecognized when, and only when, the obligations are discharged, cancelled or have expired. An exchange with a lender of a debt instruments with substantially different terms is accounted for as an extinguishment of the original financial assets and liability and recognition of a new financial assets and liability. Similarly, a substantial modification of the terms of an existing financial assets and liability is accounted for as an extinguishment of the original financial assets and liability and the recognition of a new financial assets and liability. The difference between the carrying amount of a financial assets and liability is derecognized and the consideration paid or payable is recognized in the Statement of Profit or Loss.

3.12 Employee Benefits :

Short-term Employee Benefits:

Liabilities for wages and salaries, 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.

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Post-employment benefits

a) Defined contribution plans
Employees benefits in the form of the Company's contribution to Provident Fund, Pension scheme, Superannuation Fund and Employees State Insurance are defined contribution schemes. Payments to defined contribution retirement plans are recognized as expenses when the employees have rendered the service entitling them to the contribution
Provident fund: The employees of the holding 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 period, regardless of when the actual settlement is expected to occur.

Gratuity: The holding Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has made payments for the annual applicable gratuity liability to LIC gratuity Scheme where the gratuity liability will be paid to the employees by LIC when the same is due to pay. The liability for the defined gratuity benefit plan is provided on the basis of actuarial valuation carried out by Life Insurance corporation of India and the due payment is made on yearly basis to LIC towards the fund.

3.13 Inventories :

Inventories are valued at after reviewing 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:

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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 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.

3.14 Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and short-term deposits with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.15 Earnings Per Share :

The group 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 during the year. 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 4. Significant accounting judgments, estimates and assumptions :

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates couldresult in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

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

year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. 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 judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

d) Recognition of Deferred Tax Assets :
The extent to which deferred tax assets can be recognized is based on an assessment of the profitability of the Group Company's future taxable income against which the deferred tax assets can be utilized. The holding Company has identified and has also recognized deferred tax for the Depreciation difference. Groups other entity provisions has been adjusted from their standalone financials and the net effect of the same has been taken in Balance Sheet.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

NOTE 5 : PROPERTY, PLANT AND EQUIPMENTS

(` in Lakhs)

	Freehold Land	Freehold Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment's	Air Conditioner	Computer	Electrical Installation	Testing Equipment's	Workshop Tool & Equipment's	Water Cooler	TOTAL
Year Ended as on 31st March 2023													
Gross Carrying Amount as on 01.04.2022	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 charge 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 AS ON 31.03.2023	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
Year Ended as on 31st March, 2022													
Gross Carrying Amount as on 01.04.2021	1,621.39	2,316.59	4,969.13	334.98	32.14	153.65	26.27	159.00	521.46	51.29	289.28	12.72	10,487.92
Exchange Difference	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	80.09	413.70	21.20	29.17	13.42	-	32.37	-	36.46	59.68	2.40	688.50
Assets include in a disposal group for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(0.13)	(0.53)	(0.40)	-	-	-	-	(1.06)
Closing 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
Accumulated Depreciation	-	1,573.53	3,362.18	281.41	2.76	121.72	22.41	138.16	503.91	42.00	127.29	10.52	6,185.91
Depreciation charge during the year	-	79.90	192.66	11.24	19.22	14.90	1.26	17.82	0.60	11.81	55.79	1.89	407.10
Assets include in a disposal group for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange Difference	-	-	1.41	-	-	-	-	-	-	-	-	-	1.41
Disposals	-	-	-	-	-	(0.09)	(0.50)	(0.37)	-	-	-	-	(0.96)
Closing 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
NET CARRIYING AMOUNT AS ON 31.03.2022	1,621.39	743.25	1,826.57	63.53	39.32	30.42	2.57	35.36	16.95	33.95	165.88	2.71	4,581.90

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 6: FIXED ASSETS
(₹ in Lakhs)

PARTICULARS	Gross Block				Accumulated Depreciation					Exchange Fluctuation	Net Block	
	As at 01.04.2022	Additions	Sale/Impairment during the year	As at 31.03.2023	As at 01.04.2022	Provided For the year	Depreciation adjusted during the year	Adjusted of the Earlier year	As at 31.03.2023	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Intangible Assets												
Software & Licences	81.41	71.06	-	152.47	52.10	22.92	-	-	75.03	-	77.44	29.31
TOTAL	81.41	71.06	-	152.47	52.10	22.92	-	-	75.03	-	77.44	29.31
Previous year	64.94	16.47	-	81.41	40.76	11.35	-	-	52.10	-	29.31	24.18

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
NOTE 7 : NON CURRENT - OTHER FINANCIAL ASSETS			
Balance with Revenue Authorities		-	0.73
	TOTAL	-	0.73
NOTE 8 : NON CURRENT - OTHER NON CURRENT ASSETS			
Advance to Supplier		2.01	3.59
Security Deposits		55.97	55.70
Repair & Maintenance (To be amortised)		162.55	58.98
Retention Money		1.88	1.46
IPO Related Expenses		35.38	29.75
Residual Value of Impaired Assets		-	24.88
	TOTAL	257.79	174.36
NOTE 9 : CURRENT - INVENTORIES			
Raw Material In Stock (At Cost)		2,361.85	2,121.71
Work In Progress In Stock (At Cost)		2,935.92	738.74
Finished goods In Stock (At Cost)		302.92	721.73
	TOTAL	5,600.70	3,582.19

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 10 : TRADE RECEIVABLES
(₹ in Lakhs)

SR NO	PARTICULARS	Outstanding for following year from due date of payment As on 31ST MARCH, 2023					TOTAL	Outstanding for following year from due date of payment As on 31st March 2022					TOTAL
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years		Less than 6 Months	Less than 1 year	1-2 years	2-3 years	More than 3 years	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	
i)	Undisputed Trade Receivables - considered good	5,501.14	1,103.21	19.07	33.40	24.80	6,681.62	5,103.23	43.86	72.86	8.95	16.94	5,245.84
ii)	Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-	-	-
iii)	Undisputed Trade receivable – credit impaired	-	-	-	-	-	-	-	-	-	-	-	-
iv)	Disputed Trade receivables - considered good	-	-	-	-	15.40	15.40	-	-	-	15.40	-	15.40
v)	Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-	-	-	-	-
vi)	Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	5,501.14	1,103.21	19.07	33.40	40.19	6,697.02	5,103.23	43.86	72.86	24.34	16.94	5,261.23

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(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
NOTE 11 : CASH & CASH EQUIVALENTS			
Cash on hand			
In Rupees		0.31	0.79
In Foreign Currency		5.57	1.89
Balances with banks:			
- On current accounts		607.30	817.87
	TOTAL	613.18	820.55
NOTE 12 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENT			
In Fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date		12.11	12.33
	TOTAL	12.11	12.33
NOTE 13 : CURRENT - OTHERS FINANCIAL ASSETS			
Advance to Staff		61.34	45.66
	TOTAL	61.34	45.66
NOTE 14 : CURRENT - OTHER CURRENT ASSETS			
Advance to Suppliers		2,164.78	2,713.53
Balance with Revenue Authorities		252.05	426.70
Prepaid Expenses		42.75	34.17
	TOTAL	2,459.58	3,174.40

SHWETA JAIN & CO. ★ Chartered Accountant ★ THANE

AEROFLEX INDUSTRIES LIMITED ★ MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

NOTE 15 : SHARE CAPITAL

a) **Shares Details**

PARTICULARS	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	AMOUNT (₹)	No. of Shares	AMOUNT (₹)
Authorised Share Capital				
Equity Shares of ₹ 2/- each (PY ₹ 10/- each)	17,50,00,000	3,500.00	2,40,00,000	2,400.00
Series "A" Compulsorily Convertible Preference Shares of Rs. 10/- each	10,00,000	100.00	10,00,000	100.00
Series "A" Compulsorily Convertible Preference Shares of Rs. 200/-	10,00,000	2,000.00	10,00,000	2,000.00
	17,70,00,000	5,600.00	2,60,00,000	4,500.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 2/- each (PY ₹ 10/- each)	11,43,20,370	2,286.41	2,28,64,074	2,286.41
TOTAL	11,43,20,370	2,286.41	2,28,64,074	2,286.41

b) **Reconciliation of Equity shares :**

PARTICULARS	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	AMOUNT (₹)	No. of Shares	AMOUNT (₹)
Shares outstanding at the beginning of the year	11,43,20,370	2,286.41	2,28,64,074	2,286.41
Cancelled shares	(2,28,64,074)	(2,286.41)	-	-
Fresh shares issued on account of split of shares at face value of ₹ 2/- each (*)	11,43,20,370	2,286.41	-	-
Shares Issued during the year	NIL	NIL	NIL	NIL
Shares bought back during the year	NIL	NIL	NIL	NIL
Shares outstanding at the end of the year	11,43,20,370	2,286.41	2,28,64,074	2,286.41

c) **Shares held by its holding Companies:**

Name of Shareholder	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	%	No. of Shares	%
Sat Industries Limited	10,53,77,040	92.18%	2,10,75,408	92.18%

d) **Name of the shareholders holding more than 5% Equity shares in the company:**

Name of Shareholder	As at 31 March, 2023		As at 31 March 2022	
	No. of Shares	%	No. of Shares	%
Sat Industries Limited	10,53,77,040	92.18%	2,10,75,408	92.18%
Italica Global FZC	74,54,830	6.52%	14,90,966	6.52%

The Company has vide resolution passed at the meeting of the Board of Directors dated February 13, 2023 and resolution of Shareholders passed in the EGM dated February 15, 2023 approved the sub-division of 01 (one) Equity Share of face value ₹10/- each into 05 (Five) Equity Shares of face value ₹02/- each and incidental change in authorized equity share capital of the Company from 35,000,000 Equity Shares of ₹10/- each, to 175,000,000 Equity Shares of ₹ 02/- each & Paid up Share Capital from 2,28,64,074 Equity Shares of ₹10/- each, to 11,43,20,370 Equity Shares of ₹ 02/- each. Previous year equity shares are shown at Rs 10/- each

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JANUARY 2023

(₹ in Lakhs)

NOTE NO 16 : STATEMENT OF CHANGE IN EQUITY

A. Equity Share Capital

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 31/03/2023	2,286.41	-	-	-	2,286.41
For the year ended on 31/03/2022	2,286.41	-	-	-	2,286.41

B. Promotors Holding

Name of Promotors	Shares Held at the end of the		% of Change during the year	Shares Held at the end of the		% of Change during the year
	No of Shares Held	% of Total Shares		No of Shares Held	% of Total Shares	
Sat Industries Limited	2,10,75,408	92.18%	-	2,10,75,408	92.18%	-

C. Other Equity

	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-01/04/22	-	-	-	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 -31.03.2023	-		-	2,419.49	-	6,703.41	-	-	-	-	-	-	-	9,122.90

SHWETA JAIN & CO. Chartered Accountant THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

	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-01/04/2021	-	-	-	2,419.49	-	1,165.76	-	-	-	-	-	-	-	3,585.25
Changes in accounting policy/ prior YEAR errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	2,750.59	-	-	-	-	-	-	-	2,750.59
Other comprehensive income	-	-	-	-	-	0.05	-	-	-	-	-	-	-	0.05
Total Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other Change (to be Specify)						-								-
Balance at the end of the reporting YEAR -31.03.2022	-	-	-	2,419.49	-	3,916.40	-	-	-	-	-	-	-	6,335.89

As Per Our Report of even date

FOR SHWETA JAIN & CO

CHARTERED ACCOUNTANTS

F.R.N. : 127673W

Priyanka

PRIYANKA JAJU

(Partner)

Membership No : 416197

Place : Mumbai

Dated : 15th May 2023

UDIN No : 23416197BGWCEU2154

SHWETA JAIN & CO. THANE Chartered Accountant

For and on behalf of the Board

AEROFLEX INDUSTRIES LIMITED MUMBAI

ASAD DAUD
(MANAGING DIRECTOR)
(DIN-02491539)

MUSTAFA A KACHWALA
(WHOLETIME DIRECTOR & CFO)
(DIN-03124453)

KINJAL SHAH
(COMPANY SECRETARY)
(M.No : A58678)

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
NOTE 17 : NON CURRENT BORROWINGS		
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)	-	235.44
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	1,251.11
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	584.02
Kotak Mahindra Bank Ltd - Car Loan (Secured against hypothecation of Motor Car)	-	10.71
Kotak Mahindra Bank Ltd - Vehicle Loan (Secured against hypothecation of Bus)	12.12	17.37
TOTAL	1,968.63	2,098.64
NOTE 18 : NON CURRENT - TRADE PAYABLES		
Total outstanding dues of creditors towards Capital Goods	98.57	93.13
TOTAL	98.57	93.13
NOTE 19 : CURRENT BORROWINGS		
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)	-	98.88
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	1,027.64
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	272.74

SHWETA JAIN & CO. Chartered Accountants THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED
(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
Kotak Mahindra Bank Ltd - Car Loan (Secured against hypothecation of Motor Car)	10.82	10.05
Kotak Mahindra Bank Ltd - Vehicle Loan (Secured against hypothecation of Bus)	5.25	4.78
Unsecured Loans:		
From Related Parties	-	-
From Non Related Parties	705.59	400.00
TOTAL	2,531.97	1,814.08

SHWETA JAIN & CO. ★ THANE ★ Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED
(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

NOTE 20 : TRADE PAYABLE

(₹ in Lakhs)

SR NO	PARTICULARS	Outstanding for following year from due date of payment as on 31ST MARCH, 2023				TOTAL	Outstanding for following year from due date of payment as on 31st March 2022				TOTAL
		Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	
i)	Total outstanding dues of micro enterprises and small enterprises	883.08	-	-	-	883.08	8.66	-	-	-	8.66
ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,777.56	-	-	2.40	2,779.96	3,406.41	1.00	2.40	-	3,409.81
iii)	Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-	-
iv)	Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-	-
		3,660.64	-	-	2.40	3,663.05	3,415.06	1.00	2.40	-	3,418.47

Note : There are no unbilled and Not due trade payables, hence the same are not disclosed in the ageing schedule

SHWETA JAIN & CO. Chartered Accountant * THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
NOTE 21 : CURRENT - OTHER CURRENT LIABILITIES			
Statutory due payable		34.90	37.84
Advance from customer		473.21	921.05
Sundry Creditors for Capital Goods		39.32	7.34
Sundry Creditors for Expenses		543.63	570.91
	TOTAL	1,091.05	1,537.14
NOTE 22 : CURRENT - CURRENT TAX LIABILITIES			
Provisions for Tax (Net of Advance Tax & TDS)		607.16	754.19
	TOTAL	607.16	754.19

SHWETA JAIN & CO. Chartered Accountant THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS		For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
NOTE 23 : REVENUE FROM OPERATION			
Sale of Products :			
- Finished Goods - Domestic Sales		4,334.54	2,942.78
- Finished Goods - Export Sales		21,718.02	20,355.92
- Scrap Sales		219.41	158.06
	TOTAL	26,271.97	23,456.76
Other operating Revenue :			-
Foreign Exchange Fluctuation		531.33	323.69
Misc. Operating Revenue		142.80	299.56
	TOTAL	26,946.10	24,080.01
NOTE 24 : OTHER INCOME			
Interest Income			
- On fixed deposits designated as amortized cost		0.44	0.57
- On Others		1.27	4.66
Profit on sale of Fixed Assets		0.50	0.10
Insurance Claim Received		-	13.93
Income Tax Refund		1.69	0.26
	TOTAL	3.90	19.53
NOTE 25 : COST OF MATERIAL CONSUMED			
Opening Stock of Raw Material & Consumables		2,121.71	1,998.27
Add : Purchase of Raw Material & Consumables		19,017.82	15,756.42
	TOTAL	21,139.53	17,754.70
Less : Closing Stock of Raw Material & Consumables		2,354.79	2,121.71
	Cost of Material Consumed	18,784.74	15,632.98
NOTE 26 : CHANGE IN INVENTORIES			
Inventories at the beginning of the year			
-Work-in-progress		738.74	1,002.30
-Finished goods		721.73	431.38
		1,460.47	1,433.69
Less: Inventories at the end of the year			
-Work-in-progress		2,935.92	738.74
-Finished goods		302.92	721.73
		3,238.84	1,460.47
	Decrease/(Increase) in Inventories	(1,778.37)	(26.79)
NOTE 27 : EMPLOYEES BENEFITS EXPENSES			
Salaries, Wages, Bonus and Other Allowances		2,016.28	1,546.56
Contribution to Provident Fund and ESI		84.00	68.50
Gratuity and compensated absences expenses		89.64	4.87
Staff welfare expenses		125.22	132.07
	TOTAL	2,315.14	1,752.00

SWETA JAIN & CO. Chartered Accountants THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

AEROFLEX INDUSTRIES LIMITED

(CIN NO : U24110MH1993PLC074576)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ in Lakhs)

PARTICULARS	For the YEAR ended 31.03.2023 AMOUNT (₹)	For the YEAR ended 31.03.2022 AMOUNT (₹)
NOTE 28 : FINANCE COST		
Interest on borrowing	284.55	561.19
Finance Charges towards Loan Processing & Stamp duty	43.99	15.08
Interest Paid to Creditors	14.69	6.81
Finance Management Charges	111.82	42.00
TOTAL	455.05	625.08
NOTE 29 : DEPRECIATION AND AMORTIZATION EXP		
Depreciation Cost	499.00	407.10
Amortization Cost	22.92	11.35
TOTAL	521.93	418.44
NOTE 30 : OTHER EXPENSES		
Power & Fuel	257.57	292.61
Freight Inward	66.38	67.14
Repair & Maintenance	567.22	584.26
Processing Labour Charges	72.76	34.23
Testing & Calibration charges	13.71	17.55
Cylinder Rent	5.40	5.85
Export Freight , Handling & Clearing Charges	225.83	324.74
Freight Outward & Octroi	105.26	57.71
Commission Expenses	38.50	25.81
License & Consultancy Fees	146.99	77.65
Water Charges	6.83	7.22
Rates & Taxes	15.75	53.71
Travelling Expenses	182.60	20.90
Bank Charges & Commission	32.77	35.77
Office Expenses	137.32	186.92
Computer Exp	43.91	25.44
Conveyance Expenses	52.21	53.21
Insurance Charges	57.13	58.45
Printing & Stationary	22.09	19.18
Telephone & Internet Expenses	22.75	14.38
Auditor Remuneration	11.98	3.82
Misc. Expenses	54.11	18.10
Car Maintenance Exp	8.16	11.91
CSR Activity Exp.	38.25	21.48
Sundry Balances Written off	31.59	30.14
Interest & Penalty Expenses	0.16	2.52
Advertisement Expenditure	4.05	-
Donation Paid	-	1.89
TOTAL	2,221.28	2,052.60

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

NOTE 31 : OTHER NOTES :

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 the 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 are subject to 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. **Micro, Small & Medium Enterprises** :
The company has amount due to suppliers under Micro, Small and Medium Enterprises Development Act 2006 (MSMED) as at 31st March, 2023. The following informations 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 31st March 2023:

(₹ in Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Outstanding Amount	883.08 Lakhs	8.66 Lakhs

There are amount outstanding for more than 45 days as at the balance sheet date for Rs 619.75 lakhs for which no provision for interest has been made. As per the management, the company has mutual understanding with such overdue parties for different payment terms while purchasing materials from them and the payment to them is made accordingly. Further the company has MSME registered supplier's overdue outstanding for Rs 32.64 lakhs with whom no such agreement exists and no Interest provision has been made for any of such outstanding amount at the year ended. As per management there are no MSME registered parties with whom the company has any dispute related to the overdue outstanding amount and the amount so outstanding is

SHWETA JAIN & CO. THANE Chartered Accountant

AEROFLEX INDUSTRIES LIMITED MUMBAI

due to various business issues & compliances in normal course and the same shall be settled with due course of time.

V. As per informations available, the group 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. **Corporate Social Responsibility :**

As per Section 135 of the Companies Act, 2013, the holding company in the group has meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are mainly towards contribution given to the approved trust through which such expenses has been incurred. Provision of section 135 are not applicable for the subsidiary company in the group. The following disclosure has been given with respect to the CSR activities of the group held during the previous year:

(i) Gross amount required to be spent by the group during the financial year is for Rs. 31.05 Lakhs. The amount spent during the year till the date of Balance sheet is for Rs 38.25 Lakhs of which 6.75 Lakhs is pertaining to the spending done for earlier year whereas Rs 31.50 Lakhs has been spent from the amount required to be spend during the year and/or before the time period stipulated in the companies Act.

(ii) CSR expenditure incurred during the year on :

- Construction/acquisition of any asset : NIL
- On purposes other than the above : 31.50 Lakhs

(iii) Related Party Transaction: No related party sending has been done by the holding company for CSR spending.

(iv) The group performed CSR activities by way of contribution to the eligible trust for the CSR related activities.

VII. The group has not traded or invested in crypto currency or virtual currency during the financial year.

VIII. Title deeds of all the immovable properties held by the group are in the name of the company. No revaluation of the property, plant and equipment's and intangible assets held by the group were done during the previous year, as the

SHWETA JAIN & CO. Chartered Accountants THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

management is 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 is required to be disclosed separately.

IX. 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.

X. The holding company has outstanding foreign currency loan availed from Kotak Mahindra Bank Ltd during the preceding years and also working capital Term loan availed during the year. The loan so availed is charged with immovable properties of the company and hypothecation of all present and future current & Fixed (Movable & Immovable) assets of the group, plant & machinery located at factory premises. The total such charge registered with ROC is for Rs 4334 Lakhs. The Periodic statements related to the inventory has been submitted with the bank. There is some material variation in the stock statement submitted to bank as compared to the inventory as shown in the Balance sheet. As per the management, the variation is mainly due to the time gap of the stock in trade as given to the bank and the total stock in trade held by the company. The stock in trade submitted to the bank is only for the items held in stock for the period upto 120 days where as in the balance sheet, the overall stock in trade held at the year ended has been reported.

XI. The group has not been declared as willful defaulter by any bank or financial Institution or any other lender during the financial year.

XII. The group do not had 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.

XIII. The group has registered all the charges which are required to be registered under the terms of the loans & liabilities and submitted documents with ROC within statutory period.

XIV. 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.

SHWETA JAIN & CO. Chartered Accountants THANE

AEROFLEX INDUSTRIES LIMITED MUMBAI

XV. 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.

XVI. 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.

XVII. There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

XVIII. The consolidated financial statements has been authorized for issue by the board of directors on dated 13th May 2023.

XIX. All amounts disclosed in the consolidated 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.

XX. **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 company made payments for the gratuity for the year ended based on the actuarial

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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 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 Rs. 70.87 lakhs has been included under contribution to provident funds.

ii) **Defined Benefit Plan:** Gratuity cost amounting to Rs. 89.64 lakhs till the year ended which has been paid to the LIC gratuity fund as calculated based on actuarial valuation of the gratuity made by the Life insurance corporation.

XXI. Financial instruments and related disclosures :

1. **CAPITAL MANAGEMENT:**

The group'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 group funds its operations through internal accruals, borrowings etc. The group aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

PARTICULARS	As at 31st March 2023	As at 31st March 2022
Borrowings		
Long term and Short term borrowings	2,674.22	2,498.64
Current maturities of Long term borrowings	1,826.38	1,414.08
Less: cash and cash equivalents	613.18	820.55
Less: Bank balances other than cash and cash equivalents	12.11	12.33
Adjusted net debt	**3,875.31**	**3,079.84**
Total Equity	11,409.31	8,622.30
Adjusted net debt to adjusted equity ratio	**0.34**	**0.36**

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2. CATEGORIES OF FINANCIAL INSTRUMENTS:

Particulars	Note	As at 31st March, 2023		As at 31st March, 2022	
Financial assets		Carrying Value	Fair Value	Carrying Value	Fair Value
Measured at amortized cost					
i) Cash and cash equivalent	11	613.18	613.18	820.55	820.55
ii) Other Bank balance	12	12.11	12.11	12.33	12.33
iii) Trade receivables	10	6,697.02	6,697.02	5,261.23	5,261.23
iv) Other Financial Assets - Non Current	8	59.86	59.86	60.75	60.75
v) Other financial assets - Current	13/14	2,226.12	2,226.12	2,759.19	2,759.19
Total Financial assets		**9,608.29**	**9,608.29**	**8,914.05**	**8,914.05**
Financial Liabilities					
Measured at amortized cost					
i) Cash Credit facilities	-	-	-	-	-
ii) Borrowings-Non current	17	1,968.63	1,968.63	2,098.64	2,098.64
iii) Borrowings - Current	19	2,531.97	2,531.97	1,814.08	1,814.08
iv)Trade payables	20	3,663.05	3,663.05	3,418.47	3,418.47
v) Other Financial Liabilities - Non Current	18	98.57	98.57	93.13	93.13
vi) Other Financial Liabilities - Current	21	1,091.05	1,091.05	1,537.14	1,537.14
vii) Current Tax Liabilities(Net)	23	607.16	607.16	754.19	754.19
Total financial liabilities		**9,960.42**	**9,960.42**	**9,715.65**	**9,715.65**

3. FINANCIAL RISK MANAGEMENT :

The activities of the group exposes it to a number of financial risks namely market risk, credit risk and liquidity risk. The group 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 companies of three type of risk interest rate risk, price risk and currency rate risk. Financial instrument affected by market risk includes borrowings and investments. The group has international trade operations and is exposed to a variety of market risks, including currency and interest rate risks.

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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 its borrowing has mainly in 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 has also availed term loans in foreign currency from bank which are exposed to foreign exchange risk. 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 group 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, 2023 :

Rs. In Lakhs

Particulars	Exposure Currency	As at 31.03.2023	As at 31.03.2022
Financial Assets	USD	5,631.05	4,188.07
	EURO	1,099.98	1,323.23
	GBP	122.20	148.12
	AED	0.14	-
TOTAL		6,853.36	5,659.42
Financial Liabilities	USD	1,052.75	1,417.72
	EURO	3,281.82	2,802.67
	GBP	4.00	1.76
	AED	-	-
TOTAL		4,338.57	4,222.15

iii) Management of price risk :

The group has no surplus for investment in debt mutual funds, deposits etc. The group does make very material deposit with the

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banks to provide security/margin against guarantee given by the banks. Deposit is made in Fixed rate instrument. In view of this it is not susceptible to market price risk, arising from changes in interest rates or market yields which may impact the return and value of the investments

B) Management of Credit Risk :

Credit risk refers to the risk of default on its obligations by a counterparty to the group resulting in a financial loss to the group. The group is exposed to credit risk from its operating activities ie 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 group'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.

PARTICULARS	As at 31st March 2023	As at 31st March 2022
Unsecured		
- Considered good	6,697.02	5,261.23
Gross Trade Receivables	**6,697.02**	**5,261.23**
Less: Loss Allowance	-	-
Net Trade Receivables	**6,697.02**	**5,261.23**

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 group maintains adequate sources of financing including debt and overdraft from banks and financial markets at optimized cost. The group's current assets aggregate to Rs.15443.93 lakhs (PY 2022-Rs. 12896.35 Lakhs) including cash and cash equivalents and other bank balances of Rs. 625.29 lakhs (2022-Rs. 832.88 lakhs) against an aggregate current liability of Rs. 7893.23 lakhs (2022-Rs.7523.88 lakhs) non-current liabilities due between one year to three years amounting to Rs. 98.57 lakhs (2022-93.13) and non-current liabilities due after three years amounting to NIL (2022 – NIL) on the reporting date. Further, while the group's total equity stands at Rs. 11409.31 lakhs (2022-Rs. 8622.30), it has non-current borrowings of Rs. 1968.63 lakhs (2022-Rs. 2098.64). 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.

D) Fair value measurement

Fair value hierarchy :

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

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

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such

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items are non-current in nature, the same has been classified as level 3 and fair determined using discounted cash flow basis. Similarly,

unquoted equity instruments where most recent information to measure fair value is instruments, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for level 3 inputs during the year. The group has not classified any material financial instruments under level 3 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the year. The Fair Value hierarchy of all the financial assets and financial liabilities has been measured at fair value on recurring basis for Level -2 for the year ended 31st March 2023 as well as in previous year ended on 31st March 2022.

XXII. DIVIDEND :

The holding company has declared dividend for the FY 2021-22 in the Annual General meeting of the company held on 3rd September 2022. The dividend so declared has been accounted and adjusted from the accumulated brought forward balance of the profit & loss account.

XXIII. Capital Work in progress (CWIP) :

The group has incurred expenses towards setting up & commissioning and for purchase of the equipment's for the expansion project and the same has been shown under the capital work in progress for the company. The expenses incurred for the project work in progress and which is not ready for put to use till the year ended is for Rs. 64.25 lakhs. The Ageing schedule of tangible assets under CWIP is as follows:

(₹ in Lakhs)

CWIP	Amount in CWIP for the Year of				TOTAL
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Expansion Projects in progress	64.25	-	-	-	64.25

XXIV. Intangible assets under development:

The holding has incurred expenses towards development of SAP software for the company during the financial year 2020-21. The software so developed was

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put to use during the current year. The expenses so incurred is for Rs 26.11 which has been shown under the intangible assets WIP in previous financial years and the same has been capitalized during the year.

XXV. REMUNERATION TO AUDITORS: (₹ in Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Statutory Audit Fee	5.98	3.22
Other Matters	6.00	0.60

XXVI. Earnings Per Share (₹ in Lakhs)

PARTICULARS	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
Net profit after taxation for the year (₹ in Lakhs)	3,015.65	2,750.64
Number of Equity shares for Basic / Diluted EPS	2,28,64,074	2,28,64,074
Nominal Value of Equity Shares (₹)	2	10
Basic / Diluted earnings per Equity Share (₹)	2.64	12.03

The Holding Company has vide resolution passed at the meeting of the Board of Directors dated February 13, 2023 and resolution of Shareholders passed in the EGM dated February 15, 2023 approved the sub-division of 01 (one) Equity Share of face value ₹10/- each into 05 (Five) Equity Shares of face value ₹02/- each and incidental change in authorized equity share capital of the Company from 35,000,000 Equity Shares of ₹10/- each, to 175,000,000 Equity Shares of ₹ 02/- each & Paid up Share Capital from 2,28,64,074 Equity Shares of ₹10/- each, to 11,43,20,370 Equity Shares of ₹ 02/- each. Previous year equity shares are shown at Rs 10/- each and EPS is also calculated accordingly

XXVII. DEFERRED TAX ASSETS/(LIABILITIES):

The tax effect of the items constituting deferred tax is as under:

(₹ in Lakhs)

PARTICULARS	As at 31.03.2023 AMOUNT (₹)	As at 31.03.2022 AMOUNT (₹)
Opening Balance Deferred Tax Assets/(Liabilities)	(5.81)	0.85
Add : Deferred Tax Assets/(Liabilities) for the year	(22.21)	(6.66)
Deferred Tax Assets/(Liability) (A)	**(28.02)**	**(5.81)**
Opening Balances of Deferred tax Assets	-	95.47
Add : Deferred Tax Assets/(Liabilities) for the year	-	(95.47)
Deferred Tax Assets/(Liability) (B)	-	-
Net Deferred Tax Assets/(Liability) (A+B)	**(28.02)**	**(5.81)**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

XXVIII. The management is of the opinion that there is no contingent liability exists at the year ended therefore no separate provision is made for the same. There will be liability of the interest on the short fall in payment of advance Tax for the FY 2022-23 and also may attract liability of interest on the overdue MSME suppliers balance of Rs 32.64 lakhs for which no specific agreement or term sheet has been signed for the payment terms and are overdue outstanding because of the various business issues & compliances in normal course and the same shall be settled with due course of time. No provision for the same has been made on the balance sheet date.

XXIX. Ratios Analysis :

SR No	Particulars of Ratio	Details	Ratio as on 31st March 2023	Ratio as on 31st March 2022
1	Current Ratio	Current Assets / Current Liabilities	1.96	1.71
2	Debt-Equity Ratio,	Total Debt / Total Equity	0.39	0.45
3	Debt Service Coverage Ratio	PBITDA/ Interest + Current Debt	1.59	2.15
4	Return on Equity Ratio,	PAT/ shareholder's equity	0.30	0.38
5	Inventory turnover ratio	Cost of Goods Sold / Average Inventory	5.87	6.87
6	Trade Receivables turnover ratio,	Net Credit Sales / Average Accounts Receivable	4.39	5.43
7	Trade payables turnover ratio	Net Credit Purchases / Average Accounts Payable	5.37	4.23
8	Net capital turnover ratio	Income from Operations / Average Working capital	3.57	4.48
9	Net profit ratio	(PAT/Revenue from Operation) *100	11.19%	11.42%
10	Return on Capital employed,	{PBIT/ (Total Equity + Long Term Debts) }*100	34.15%	40.19%
11	Return on investment.	Net income / Cost of Investment	-	-

Explanation for the change in the ratio for more than 25% as compared with the previous year is as follows :

- **Reduction in debt equity Ratio** is due to substantial repayment of the loan during the year and also the total equity has increased due to increase in retained earnings of the company.

- **Trade payables turnover ratio** has increased due to better management of the cash flow for the increased credit purchases during the year.

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XXX. RELATED PARTY DISCLOSURES:

i. Key Management Personnel:

- Asad Daud : Managing Director
- Mustafa Abid Kachwala : Wholetime Director & CFO
- Kinjal Shah : Company Secretary & Compliance Officer.
- Deepak Kalera : CFO (Resigned on 4th June, 2022)

ii. Wholly Owned Subsidiary Company of Holding Company : Italica Global FZC

iii. Wholly Owned Subsidiary Company : Aeroflex Industries Ltd – London UK

iv. **Holding Company:** Sat Industries Limited

Transaction carried out with Related Parties & KMP during the year:

(₹ in Lakhs)

PARTICULARS	Nature of Relation	NATURE OF TRANSACTION	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Asad Daud	KMP	Director Remuneration Dividend Paid	89.10 0.001	38.39 -
Mustafa A Kachwala	KMP	Director Remuneration Dividend Paid	10.64 0.001	9.61 -
Sat Industries Ltd	Holding Co.	Interest on Loan Loan Taken & Repaid Financial Management Charges Dividend Paid	7.69 400.00 111.82 210.75	90.50 607.86 42.00 -
Kinjal Shah	KMP	Salary Paid	5.87	1,81
Deepak Kalera	KMP	Salary Paid	16.00	-
Italica Global FZC	Subsidiary of the holding Co.	Sales Dividend Paid	374.03 14.91	628.29 -

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XXXI. FOREIGN EXCHANGE INFLOW & OUTFLOW OF HOLDING CO:

a) Foreign Exchange Outflow:

(₹ in Lakhs)

PARTICULARS	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Traveling & Hotel Expenses	129.94	20.90
Payment Towards Services & Other Expenses	54.45	9.67
TOTAL	184.39	30.57

b) Foreign Exchange inflow:

(₹ in Lakhs)

PARTICULARS	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
F.O.B Value of Exports	21,404.67	20,355.92
TOTAL	21,404.67	20,355.92

c) CIF Value of Import:

(₹ in Lakhs)

PARTICULARS	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Raw Material & Fittings	8,343.93	7,217.85
Capital Goods	261.23	142.51
TOTAL	8,605.16	7,360.36

XXXII. There are no outstanding derivative instruments as on 31st March, 2023. Foreign currency Exposures are at the year-end has not been hedged by the Group by any derivative instrument or otherwise are given below:

(₹ in Lakhs)

PARTICULARS	CURRENCY	AS AT 31.03.2023 AMOUNT (₹)	AS AT 31.03.2022 AMOUNT (₹)
Amount Receivable in foreign Currency			
1. Export of Goods & Services	RS	6,011.94	4,824.29
	USD	60.12	45.82
	EURO	10.57	14.34
	UKP	1.20	1.47
2. Advance to Suppliers	RS	119.00	69.24
	USD	1.46	0.92
	EURO	-	-

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Amount Payable in Foreign Currency			
1. Import of Goods & Services	RS	938.03	598.82
	USD	11.36	7.90
	GBP	0.04	0.02
2. Advance - Customers	RS	504.17	905.74
	USD	6.00	10.80
	EURO	0.12	1.14
3. Spares & Others	RS	98.57	71.26
	EURO	1.10	1.10
4. Foreign Currency Term Loan	RS	3,183.25	2,613.06
	EURO	35.52	30.86

XXXIII. EVENTS AFTER REPORTING DATE

The Board of Directors of the holding company at their meeting held on 15th May, 2023 have recommended final dividend of ₹ 0.20/- per fully paid up equity share of ₹ 2/- each for the financial year ended March 31, 2023, subject to approval of shareholders at ensuing Annual General Meeting of the Company.

XXXIV. The group has been holding the Plant, Machinery and equipment's impaired during the earlier year and the same has been sold during the current year. The profit & loss of the same has been booked separately under the other income shown in the profit & Loss account

XXXV. The holding company has over due receivables against the export realization of goods for INR equivalent to 2871.42 Lakhs due to the various business reasons. Further as per the information's 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.

XXXVI. No scheme of arrangement has been approved by the competent authority in terms of sections 230 to 237 of the companies act, 2013.

XXXVII. The Holding Company has filed DRHP on dated 31st March 2023 with SEBI for coming out with Initial Public Offer (IPO) and the same is pending for approval.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

XXXVIII. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Notes from "1 " to " 31 " form an integral part of the Accounts.

As per our Report of even date attached

FOR SHWETA JAIN & CO
CHARTERED ACCOUNTANTS
F.R.N. : 127673W

Priyanka

PRIYANKA JAJU
(Partner)
Membership No : 416197
Place : Mumbai
Dated : 15th May 2023
UDIN No : 23416197BGWGEU2154

For and on behalf of the Board

ASAD DAUD
(MANAGING DIRECTOR)
(DIN-02491539)

MUSTAFA A KACHWALA
WHOLETIME DIRECTOR
(DIN-03124453)

KINJAL SHAH
COMPANY SECRETARY
(M.No : A58678)