

Mahindra Aerostructures Private Limited

BOARD'S REPORT TO THE SHAREHOLDERS OF MAHINDRA AEROSTRUCTURES PRIVATE LIMITED

Your Directors present their Sixteenth Report together with the Audited Financial Statements of your Company for the year ended 31st March,2026.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

Particulars	(Rs.in Lakhs)	
	For the year ended 31 st March,2026	For the year ended 31 st March,2025
Total Income	32,847.97	25,808.02
Profit / (Loss) before Depreciation, Finance Costs, and Taxation	4,119.75	2,180.27
Less: Depreciation & Amortization	2,367.01	1,781.40
Profit / (Loss) before Finance Costs and Taxation	1,752.74	398.87
Less: Finance Costs	1,275.09	1,178.69
Profit / (Loss) before Exceptional Item	477.65	(779.82)
Less: Exceptional Item	318.26	--
Profit / (Loss) before Tax	159.39	(779.82)
Less: Taxation	--	--
Profit / (Loss) for the year	159.39	(779.82)
Other Comprehensive Income, net of tax	33.29	(50.39)
Total Comprehensive Income for the Period	192.68	(830.21)
Balance of Profit / (Loss) for earlier years	(30,447.59)	(29,667.77)
Profit / (Loss) for the year	159.39	(779.82)
Balance of Profit carried forward	(30,288.20)	(30,447.59)
Net Worth	27,480.77	15,954.29

There have been no material changes or commitments after the Financial Year end and up to the date of this report that would affect the Company's financial position.

DIVIDEND

Due to marginal profit reported for the year, no Dividend has been recommended by the Directors of your Company.

There is also no unpaid Dividend from prior years that was transferred or is due for transfer to the Investor Education and Protection Fund during the year.

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AMOUNT TRANSFERRED TO RESERVES

In view of the marginal profit incurred during the year under review, the Board of Directors of your Company has not proposed any transfer to the General Reserve.

OPERATIONS

During the year, the Company achieved positive PAT, despite significant headwinds from the global supply chain and one-time provisions for exceptional items. The Company also ended the year with 27% higher turnover compared to the previous year.

During the year, the Company continued to win major contracts that will accelerate its growth into a significant Aerostructures manufacturer. These include a follow up award from a leading helicopter OEM to produce the fuselage assembly of its highest selling helicopter model, and two large awards for complex parts that together are used to build complete fuselage sections of large aircraft. Together with the awards signed during F25, the Company now has an order book in excess of \$1 Bn.

Company operations have scaled up further to sustain the growth trajectory and industrialize recent wins alongside those won in earlier years. The Company has embarked on an aggressive program to further streamline internal processes for industrialization, production planning and supply chain development with the help of expertise from the Mahindra ecosystem.

The Company continues to maintain the position of "D2P Challenger" and "Premier Bidder" with the two major aircraft OEMs.

SHARE CAPITAL

During the year under review, your Company increased its Authorised Share Capital from Rs. 470,00,00,000/- (Rupees Four Hundred Seventy Crores Only) divided into 47,00,00,000 (Forty-Seven Crore) Equity Shares of Rs.10/- (Rupees ten Only) each to Rs. 850,00,00,000 (Rupees Eight Hundred Fifty Crores Only) consisting of 85,00,00,000 (Eighty-Five Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Your Company issued and allotted 11,33,37,998 (Eleven Crores Thirty-Three Lakhs Thirty-Seven Thousand Nine Hundred Ninety-Eight) Equity Shares of Rs. 10/- (Rupees Ten Only) each to the company's holding company Mahindra Aerospace Private Limited on Right basis during the period under review.

Accordingly, the Authorised Share Capital of the Company, as at the end of the year under review, was Rs. 850,00,00,000 (Rupees Eight Hundred Fifty Crores Only) consisting of 85,00,00,000 (Eighty-Five Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

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The Issued, Subscribed and Paid-up Equity Share Capital of the Company, as at the end of the Financial Year under review, was Rs. 577,83,79,980 (Rupees Five Hundred Seventy-Seven Crore Eighty-Three Lakhs Seventy-Nine Thousand Nine Hundred Eighty Only) divided into 57,78,37,998 (Fifty-Seven Crore Seventy-Eight Lakhs Thirty-Seven Thousand Nine Hundred Ninety-Eight) Equity Shares of Rs.10/- (Rupees Ten Only) each.

HOLDING COMPANY

Mahindra Aerospace Private Limited ("MAPL") is the Holding Company of your Company.

MAPL, being a Wholly Owned Subsidiary of Mahindra and Mahindra Limited ("M&M"), is thereby the Intermediate Holding Company for your Company and M&M is the Ultimate Holding Company of your Company.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

During the year under review, your Company did not have any Subsidiary, Joint Venture, or Associate Company.

Further, during the Financial Year under review, no entity became or ceased to be a Subsidiary, Associate, or Joint Venture of your Company.

CONSOLIDATED FINANCIAL STATEMENTS

The requirements for preparation of Consolidated Financial Statements were not applicable to your Company, as the Company did not have any Subsidiary, Associate, or Joint Venture during the Financial Year or as at the end of the year under review.

BOARD OF DIRECTORS

The Composition of the Board of Directors of your Company, as at the end of the Financial Year under review, was as follows:

Sr. No.	Name of the Director	Designation	Executive/ Non-Executive	Independent/ Non-Independent
1.	Mr. Vinod Kumar Sahay (DIN: 07884268)	Director & Chairman of the Board	Non Executive -	Non-Independent
2.	Mrs. Manaswini Goel (DIN: 08142619)	Additional Director	Non Executive -	Non-Independent

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3.	Mr. Mukul Verma (DIN: 02428217)	Director	Non Executive -	Non-Independent
4.	Mrs. Abanti Sankaranarayanan (DIN: 01788443)	Director	Non Executive -	Non-Independent -
5.	Mr. Arvind Kumar Mehra* (DIN: 01039769)	Managing Director & CEO	Executive	Non-Independent
6.	Dr. Karthik Krishnamurthy # (DIN: 07130799)	Whole Time Director	Executive	Non-Independent

* Mr. Arvind Kumar Mehra (DIN: 01039769) was reappointed by the Board of Directors of Company at its Meeting held on 30th March,2026 from 1st April,2026 to 30th June,2026. Subsequently Members of your Company at their Extra-Ordinary General Meeting held on 31st March,2026 approved the said reappointment.

#Dr. Karthik Krishnamurthy (DIN: 07130799) was reappointed by the Board of Directors of Company at its Meeting held on 5th March,2026 from 23rd March,2026 to 22nd March,2028. Subsequently Members of your Company at their Extra-Ordinary General Meeting held on 31st March,2026 approved the said reappointment.

Mr. Mukul Verma (DIN: 02428217) and Mrs. Abanti Sankaranarayanan (DIN: 01788443), Directors, retire by rotation and being eligible, have offered themselves for reappointment, and your Board has recommended their reappointments to the Shareholders for approval at their forthcoming Annual General Meeting.

All the Directors of your Company have given requisite declarations under Form DIR-8 pursuant to Section 164 of the Companies Act, 2013 that they are not disqualified for appointment/reappointment as Directors.

ANNUAL EVALUATION OF PERFORMANCE OF DIRECTORS

Pursuant to the provisions of the Companies Act 2013, the Board of Directors carried out an annual evaluation of its own performance, and of the Directors individually. The evaluation process included seeking feedback through a structured questionnaire covering various aspects of the Board's functioning. The evaluation was completed on the basis of the responses received from the Directors.

CODES OF CONDUCT

The Company has in place Codes of Conduct for Corporate Governance ("the Code") applicable to its Directors, Senior Management Personnel, and Employees. The Codes lay down the fundamental principles governing the conduct of your Company's business and underscores the Company's belief that sound governance practices are integral to its ethos and long-term success.

For the year under review, your Company has received declarations of compliance with the respective Codes of Conduct from its Directors, Senior Management Personnel, and Employees.

BOARD MEETINGS

Your Board of Directors met 7 (Seven) times during the year under review i.e., on 18th April,2025, 15th July,2025, 8th September,2025, 20th October,2025, 20th January,2026, 5th March,2026 and 30th March,2026.

The attendance of the Directors at these meetings was as under:

Name of Directors	No. of Meetings attended
Mr. Vinod Kumar Sahay	7
Mr. Mukul Verma	7
Mr. Arvind Kumar Mehra	7
Dr. Karthik Krishnamurthy	7
Mrs. Abanti Sankaranarayanan	6
Mrs. Manaswini Goel	7

GENERAL MEETINGS

Fifteenth Annual General Meeting of the Members of your Company was held on 15th July,2025.

During the year under review, 2 (Two) Extra Ordinary General Meetings of the Members of your Company were held on 25th August,2025 and 31st March,2026.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representation received from operating team, and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed.

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- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year viz. 31st March, 2026 and of the Profit and loss of the Company for that period;
- (c) Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPOINTMENTS OF/CHANGES IN KEY MANAGERIAL PERSONNEL

Pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013, the following are the Key Managerial Personnel of your Company: -

1. Mr. Arvind Kumar Mehra is the Managing Director & CEO;
Mr. Arvind Kumar Mehra was reappointed, at the Meeting of the Board of Directors of the Company held on 30th March, 2026 as Managing Director, Chief Executive Officer of the Company and Key Managerial Personnel of the Company for the period from 1st April, 2026 to 30th June, 2026.
2. Dr. Karthik Krishnamurthy is the Whole-time Director;
Dr. Karthik Krishnamurthy was reappointed at the Meeting of the Board of Directors of the Company held on 5th March, 2026 as Whole-time Director of the Company with effect from 23rd March, 2026 for a further period of 2 years.
3. Mr. T Subrahmanya Sarma is the Chief Financial Officer;
4. Mr. V S Ramesh is Company Secretary.

COMMITTEES OF THE BOARD

During the Financial Year under review, no Committee of the Board was constituted, as the applicable provisions of the Companies Act, 2013 regarding constitution of such committees were not applicable to your Company.

INDEPENDENT DIRECTORS

Being a Wholly Owned Subsidiary Company of Mahindra Aerospace Private Limited and ultimate holding company Mahindra and Mahindra Limited, your Company was exempted from the requirement of appointing Independent Directors.

AUDITORS

I. STATUTORY AUDITOR

The Shareholders of your Company had, at their 12th Annual General Meeting held on 14th July, 2022, appointed M/s. B S R & Co., LLP, Chartered Accountants, (ICAI Firm Registration Number: 101248 W/W-100022) as Statutory Auditor of your Company for a second and consecutive term of 5 (Five) years from the conclusion of the said Annual General Meeting until the conclusion of 17th Annual General Meeting to be held in the year 2027.

The Report of the Statutory Auditors for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

II. SECRETARIAL AUDITOR

Pursuant to provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014, your Company had appointed M/s. Siroya and BA Associates, Company Secretaries (Partnership Registration No. 3907/2023), as the Secretarial Auditor of your Company to conduct the Secretarial Audit for the Financial Year 2025-2026.

Secretarial Audit Report given by the Secretarial Auditor of your Company has been annexed to this Board Report as **Annexure I**.

The Secretarial Audit Report for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

MAINTENANCE OF COST ACCOUNTS AND RECORDS

Your Company has prepared and maintained cost accounts and records in accordance with the requirements of Section 148(1) of the Companies Act, 2013, and the rules prescribed thereunder.

COST AUDITOR

Since more than 75% of your Company's revenue is from exports in foreign exchange, your Company is exempted from Cost Audit. Accordingly, the provisions relating to the appointment of a Cost Auditor under Section 148 of the Companies Act, 2013, were not applicable to your Company during the year under review.

INTERNAL AUDITOR

Your Directors had appointed Mr. K. N. Vaidyanathan, a qualified professional with extensive experience, as the Internal Auditor of your Company to conduct an internal audit of its functions and activities for the Financial Year ended 31st March, 2026.

REPORTING ON FRAUDS BY AUDITORS

During the year under review, the Statutory Auditor and the Secretarial Auditor have not reported any instance of fraud committed in your Company by its officers or employees to the Board pursuant to Section 143(12) of the Companies Act, 2013.

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Your Company has adopted the following Policies which, *inter alia*, include criteria for determining qualifications, positive attributes and independence of a Director:

- a) Policy on Criteria for Appointment/Removal of Directors and Senior Management Personnel;
- b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

Policy (a) mentioned above includes the criteria for determining qualifications, positive attributes and independence of a Director, identification of persons who are qualified to become Directors and who may be appointed in the Senior Management Team in accordance with the criteria laid down in the said Policy, succession planning for Directors and Senior Management, and Policy statement for Talent Management framework of the Company.

Policy (b) mentioned above sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Aerostructures Private Limited.

The Policies mentioned at (a) and (b) above are provided in **Annexure IIA and IIB** respectively and the same form part of this Report.

The said policies have been uploaded on the Company's Website <https://www.mahindraaerospace.com/media-kit/>.

RISK MANAGEMENT POLICY

The Company has in place a Risk Management Policy which provides for the identification of elements of risk which, in the opinion of the Board, may threaten the existence of the Company.

The Company's Risk Management Policy sets out the objectives and framework for risk management within the organisation and outlines the processes for identification, assessment, monitoring and mitigation of risks. The Policy also seeks to promote risk awareness amongst employees and to integrate risk management practices into the Company's overall corporate culture and decision-making processes.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The provisions of Section 135 of the Companies Act, 2013, relating to Corporate Social Responsibility ("CSR"), were not applicable to your Company during the year under review. Accordingly, the requirement to formulate and implement a CSR Policy or undertake CSR activities did not arise.

INTERNAL FINANCIAL CONTROLS

Your Company has adequate internal financial controls with reference to the Financial Statements, commensurate with the size, scale and complexity of its operations.

Your Company conducts periodic reviews to assess the adequacy and effectiveness of its financial and operating controls across its business operations. The Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as at 31st March 2026, in accordance with the applicable provisions of the Companies Act, 2013.

Any significant observations or issues, if identified, were placed before the Board for review and appropriate action. Statutory Auditors and Internal Auditors were invited to attend meetings of the Board where their observations and recommendations were discussed.

PEOPLE

As at 31st March, 2026, the total number of employees on the rolls of the Company was 805, comprising 759 male employees and 46 female employees.

The Company acknowledges its commitment to regional development and to improving the standard of living of people in the regions in which it operates and continues to contribute to socio-economic development through employment generation and responsible business practices.

SAFETY, HEALTH AND ENVIRONMENT

The Company maintains a good health and safety record, in line with its Health and Wellness Policy, and provides high priority to ensuring a safe and healthy work environment for all employees.

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

The particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Companies Rule 8 (3) of the Companies (Accounts) Rules, 2014 are provided in Annexure III which forms an integral part of this Report.

DISCLOSURE OF PARTICULARS OF EMPLOYEES AS REQUIRED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Since your Company is an unlisted entity, the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 were not applicable to your Company during the year under review.

PUBLIC DEPOSITS

Your Company has not accepted any Deposits from the public or its employees within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, during the year under review.

Accordingly, there were no amounts outstanding on the date of the Balance Sheet that qualify as Deposits, and the Company has not contravened any of the provisions of Chapter V of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Investments made during the year under review have been disclosed in Note No. 7 of Financial Statements.

During the year under review, your Company had not given loans/guarantees or provided any security in connection with a loan, particulars in respect of which were required to be given under section 186 of the Companies Act, 2013.

Further, your Company had not made any loans/advances which are required to be disclosed in the annual accounts of the Company pursuant to Regulations 34 (3) and 53 (f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V applicable to the ultimate Holding Company Mahindra and Mahindra Limited.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During Financial Year 2025-2026, all contracts / transactions entered by your Company with Related Parties under Section 188(1) of the Companies Act, 2013 were in the ordinary course of business and on an arm's length basis.

Particulars of material contracts or arrangements or transactions with Related Parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form e-Form AOC - 2 as Annexure IV and the same forms part of this Report.

Attention of members is drawn to the disclosure of transactions with related parties set out in Note No. 29 of the Financial Statements, forming part of the Board's Report.

ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, as amended, a copy of the Annual Return of your Company, prepared in prescribed Form MGT-7, for the year ended 31st March, 2026, has been placed on the website of the Company, which can be accessed at the web-address: <https://www.mahindraaerospace.com/media-kit/>.

Your Company is no longer required to attach to its Board's Report the extract of the Annual Return under Form MGT-9.

As per the Rule 12 of Companies (Management and Administration) Rules, 2014 as amended, a copy of the annual return shall also be filed with the Registrar with prescribed fees.

VIGIL MECHANISM

In accordance with Section 177 of the Companies Act, 2013, your Company has established a Vigil Mechanism for Directors and Employees to report genuine concerns. The mechanism provides adequate safeguards against victimization of individuals using the mechanism and also enables direct access to the Chairman of the Board, in appropriate or exceptional cases.

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

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

During the year under review, the particulars of complaints received, and their status are as follows:

Number of complaints of sexual harassment received during the year	1
Number of such complaints disposed of during the year	1
Number of complaints pending for more than 90 days	NIL

DECLARATION ON COMPLIANCE WITH THE PROVISIONS OF THE MATERNITY BENEFIT ACT, 1961

Your Company declares that the maternity benefit measures implemented are effective and in compliance with the applicable provisions of the Maternity Benefit Act, 1961, as amended. The Company has:

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- Granted paid maternity leave of up to 26 weeks to eligible women employees;
- Provided nursing breaks to support lactating mothers upon their return to work;
- Ensured availability of crèche facilities; and
- Provided protection against dismissal during the period of maternity leave.

GENERAL

The Directors state that no disclosure or reporting is required in respect of the following matters, as there were no transactions or events relating to these items during the year under review:

1. Issue of equity shares with differential rights as to Dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees under any scheme.
3. Significant or material orders passed by any Regulators, Courts or Tribunals which may impact the going concern status of the Company and its future operations.
4. Shares held by employees not exercising voting rights directly, where loans were provided by the Company for purchase or subscription of such shares, as envisaged under Section 67(3)(c) of the Companies Act, 2013, as there is no scheme in existence under which such beneficial holding is permitted.
5. Change in the nature of business of the Company.
6. Applications made or proceedings pending under the Insolvency and Bankruptcy Code, 2016.
7. One-time settlement of loans taken from Banks or Financial Institutions; accordingly, disclosure of the difference between the valuation at the time of settlement and the valuation at the time of sanction of loan, along with reasons thereof, is not applicable.
8. Revision of the financial statements or the Board's Report of the Company.

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2

The applicable Secretarial Standards, namely SS-1 on Meetings of the Board of Directors and SS-2 on General Meetings, issued by the Institute of Company Secretaries of India, have been duly complied with by your Company.

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SUSTAINABILITY

The Company continues its journey towards sustainable development, with conscious and sustained efforts to minimise the environmental impact of its operations. Simultaneously, your Company remains committed to taking responsibility for enabling communities to rise, while maintaining a balanced focus on long-term economic performance.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their sincere appreciation for the co-operation and support extended by the Company's bankers, customers, vendors and all other stakeholders, which has contributed significantly to the Company's performance during the year under review.

For and on behalf of the Board

Vinod Kumar Sahay
Director
DIN: 07884268

Arvind Kumar Mehra
Managing Director & CEO
DIN: 01039769

Place: Mumbai
Date: 21st April, 2026

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ANNEXURE I TO THE BOARD'S REPORT

FOR THE YEAR ENDED 31ST MARCH, 2026

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

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

To,
The Members,
Mahindra Aerostructures Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Aerostructures Private Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2026 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2026 according to the relevant and applicable provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (Not Applicable); and
3. As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and
2. Listing Agreement/Regulations: The Company is an unlisted Company and therefore compliance with listing agreement is not applicable.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

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Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts;
4. Labour Welfare Act; (Not applicable during the Period as there were no employees); and
5. Such other Local laws etc. as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors and Woman Director. During the year under review, Mrs. Manaswini Goel (DIN: 08142619), who was appointed as an Additional Director of the Company w.e.f. February 14, 2025, was regularized in the Annual General Meeting held on July 15, 2025. Further, members at the Extra-Ordinary General Meeting held on March 31, 2026 approved the re-appointment of Dr. Karthik Krishnamurthy (DIN: 07130799) as Whole-time Director of the Company, for a further period of 2 (Two) years from 23rd March 2026 to 22nd March, 2028 and re-appointment of Mr. Arvind Kumar Mehra (DIN: 01039769) as Managing Director and Chief Executive officer of the Company from 1st April, 2026 to 30th June, 2026.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and in certain cases where meetings were held through shorter notice after due compliance of the applicable provisions, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation & deliberations at the meetings and an extra-ordinary general meeting was held on August 25, 2025 through shorter notice after due compliance of the applicable provisions.

During the year under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company in order to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not undertaken any significant or material corporate events/actions which may have a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above other than the following:

- (i) The members at their Extra-Ordinary General meeting held on August 25, 2025, inter-alia, granted their approval for the following:
 - a. Increase in payment of remuneration to Dr. Karthik Krishnamurthy, Whole-time Director of the Company; and
 - b. Amendment of Capital Clause of Memorandum of Association of the Company by increasing the authorised equity share capital from Rs. 470 crores to Rs. 850 crores.

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- (ii) The Board of Directors at their Meeting held on September 08, 2025, approved the issuance of 11,33,37,998 Equity Shares of Rs.10 each on Rights basis. Subsequently, the Board of Directors on September 20, 2025 approved allotment of 11,33,37,998 Equity Shares of Rs. 10 each for cash at par to Mahindra Aerospace Private Limited, its holding company.

(iii)

**For Siroya and BA Associates
Company Secretaries**

**Bhavyata Raval
Partner
ACS No.: 25734
CP No.: 21758
UDIN: A025734MH000159153
PR. NO: 3907/2023
Firm Registration No.P2019MH074300**

**Date: April 21, 2026
Place: Mumbai**

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

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'Annexure A'

To,
The Members,
Mahindra Aerostructures Private Limited

Our report of even date is to be read along with this letter.

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

**For Siroya and BA Associates
Company Secretaries**

**Bhavyata Raval
Partner
ACS No.: 25734
CP No.: 21758
UDIN: A025734MH000159153
PR. NO: 3907/2023
Firm Registration No.P2019MH074300**

**Date: April 21, 2026
Place: Mumbai**

ANNEXURE IIA TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2026

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

The definitions of some of the key terms used in this Policy are given below.

"Board" means Board of Directors of the Company.

"Company" means Mahindra Aerostructures Private Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"HR" means the Human Resource department of the Company.

"Key Managerial Personnel", (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and includes

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.

"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors.

Mahindra Aerostructures Private Limited

- The Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman/Managing Director/Whole Time Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

Removal of Directors

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non - adherence to the applicable policies of the Company, the Board may, with reasons recorded in writing, remove a Director subject to the compliance of the applicable statutory provisions.

Senior Management Personnel

The Board shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman/Managing Director/Whole Time Director based on the business need and the suitability of the candidate.

II. SUCCESSION PLANNING:

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:

The successors for the Independent Directors shall be identified by the Board at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later.

The Board will accord due consideration for the expertise and other criteria required for the successor.

The Board may also decide not to fill the vacancy caused at its discretion.

Mahindra Aerostructures Private Limited

Senior Management Personnel:

A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization.

Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years

in order to ensure talent readiness as per a ladder approach.

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the 3E approach:

- a) **Experience** i.e., both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e., coaching and mentoring – 20% weightage
- c) **Education** i.e., learning and development initiatives – 10% weightage

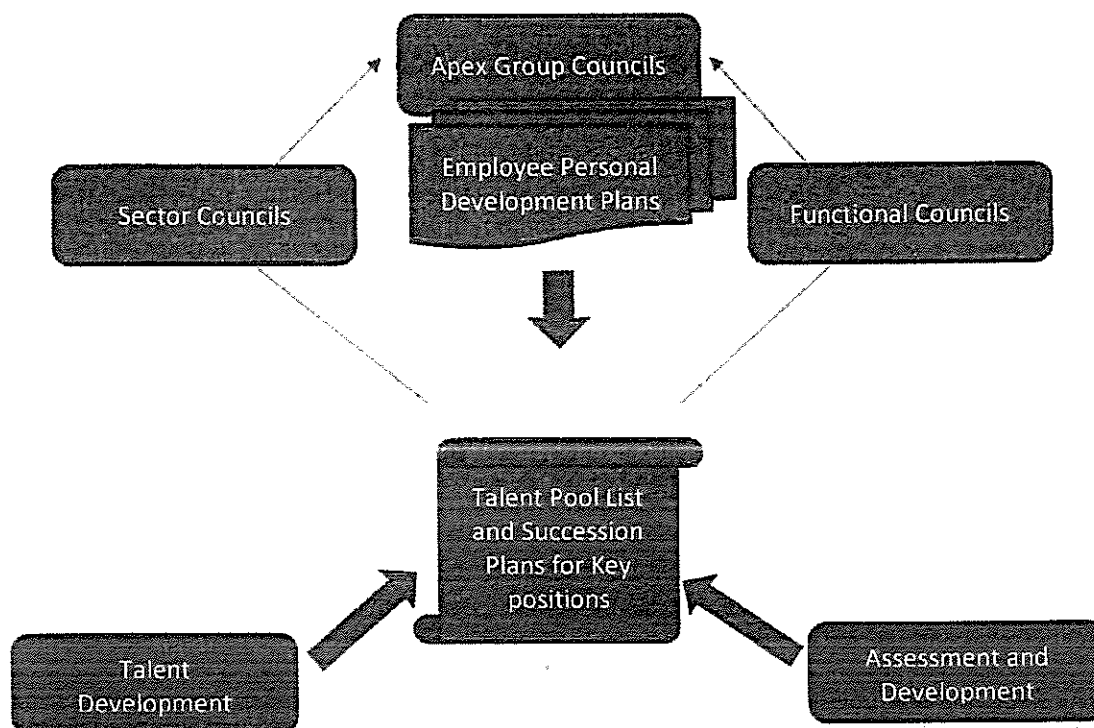
The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels.

These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman.

Mahindra Aerostructures Private Limited

The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

For and on behalf of the Board

Vinod Kumar Sahay
Director
DIN: 07884268
Place: Mumbai
Date: 21st April, 2026

Arvind Kumar Mehra
Managing Director & CEO
DIN: 01039769

ANNEXURE IIB TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2026

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerostructures Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Board shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise. The Board shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act 2013 and such other factors as the Board may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

The remuneration to Chairman & Managing Director and Executive Director(s) shall be considered and approved by the Board. The remuneration consists of both fixed compensation and variable compensation and shall be paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board and within the overall limits specified in the Shareholders resolution. While the fixed compensation is determined at the time of their appointment, the variable compensation will be determined annually by the Board based on their performance.

Key Managerial Personnel (KMPs)

The terms of remuneration of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS) shall be determined by the Board and may be revised, from time to time, either by any Director or such other person as may be authorised by the Board. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act, 2013 the Board shall approve the remuneration at the time of their appointment.

The remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Employees

We follow a position and level-based approach for compensation benchmarking with aerospace component manufacturing companies.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the Company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

- ❖ Performance
- ❖ Potential
- ❖ Criticality
- ❖ Longevity in grade

Remuneration for new employees other than KMPs and Senior Management Personnel will be decided by HR and approved by the Managing Director/Whole Time Director/Executive Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

The Company may also grant Stock Appreciation Rights and/or Stock Options/ Long Term Incentive and Retention benefits to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board

Vinod Kumar Sahay
Director
DIN: 07884268
Place: Mumbai
Date: 21st April, 2026

Arvind Kumar Mehra
Managing Director & CEO
DIN: 01039769

ANNEXURE III TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2026

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

PARTICULARS AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2026.

A. CONSERVATION OF ENERGY

- (a) the steps taken or impact on conservation of energy:
Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.
- (b) the steps taken by the Company for utilizing alternate sources of energy: During the year, the Company purchased Wind Energy to meet major portion of its requirements. Further, the Company signed agreements to purchase solar energy effective from 1st April 2026
- (c) the capital investment on energy conservation equipment: NIL

B. TECHNOLOGY ABSORPTION

- i) the efforts made towards technology absorption: Not Applicable
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Not Applicable
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): NIL
 - (a) the details of technology imported:
 - (b) the year of import
 - (c) whether the technology been fully absorbed:
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:
- iv) the expenditure incurred on Research and Development: NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

Particulars	(Rupees in Lakhs)	
	For the Financial Year Ended 31 st March, 2026	For the Financial Year Ended 31 st March, 2025
Total Foreign Exchange earned	31,135.51	30,567.16
Total Foreign Exchange used	11,948.22	14,379.76

For and on behalf of the Board

Vinod Kumar Sahay
Director
DIN: 07884268
Place: Mumbai
Date: 21st April, 2026

Arvind Kumar Mehra
Managing Director & CEO
DIN: 01039769

ANNEXURE IV TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2026

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis :

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any (Rs. in Lakhs)		Date of approval by the Board	Amount paid as advances, if any
1.	Mahindra and Mahindra Limited (L65990MH1945PLC004558)	Ultimate Holding Company	Inter Corporate Loan taken	1 year	Inter Corporate Loan	7700.00	Since the Loan taken is in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL
2.	Mahindra and Mahindra Limited (L65990MH1945PLC004558)	Ultimate Holding Company	Inter Corporate Loan taken	2 years	Inter Corporate Loan	2300.00	Since the Loan taken is in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL
3.	Mahindra and Mahindra Limited (L65990MH1945PLC004558)	Ultimate Holding Company	Inter Corporate Loan repaid	1 year	Inter Corporate Loan	10300.00	Since the Loan taken is in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL
4.	Mahindra and Mahindra Limited (L65990MH1945PLC004558)	Ultimate Holding Company	Inter Corporate Loan repaid	2 years	Inter Corporate Loan	9850.00	Since the Loan taken is in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL

Mahindra Aerostructures Private Limited

5.	Mahindra and Mahindra Limited (L65990MH1945PLC004558)	Ultimate Holding Company	Interest on Inter Corporate Loan	Not Applicable	Interest on Inter Corporate Loan	910.52	Since the Loan taken is in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL
6.	Mahindra and Mahindra Limited (L65990MH1945PLC004558)	Ultimate Holding Company	Performance Guarantee given to Customers of the Company	10 to 20 years	Performance guarantee to customers of the Company	25100.00	Since the Guarantee given is in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL
7.	Mahindra and Mahindra Limited (L65990MH1945PLC004558)	Ultimate Holding Company	Guarantee commission	Not Applicable	Guarantee commission	315.82	Since the Guarantee given is in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL

Note: For the purpose of materiality, the following criteria have been considered.

- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of turnover of the Company is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent, amounting to 10% or more of net worth of the Company is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10 % or more of turnover of the Company is considered as material.
- Contracts/transactions/arrangements for availing or rendering of services amounting to 10% or more of turnover of the Company is considered as material for the purpose of disclosure.

For and on behalf of the Board

Vinod Kumar Sahay
Director
DIN: 07884268

Arvind Kumar Mehra
Managing Director & CEO
DIN: 01039769

Place: Mumbai
Date: 21st April, 2026

BSR & Co. LLP

Chartered Accountants

Embassy Golf Links Business Park
Pebble Beach, B Block, 3rd Floor
No. 13/2, off Intermediate Ring Road
Bengaluru - 560 071, India
Telephone: +91 80 4682 3000
Fax: +91 80 4682 3999

Independent Auditor's Report

To the Members of Mahindra Aerostructures Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Aerostructures Private Limited (the "Company") which comprise the balance sheet as at 31 March 2026, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2026, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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 opinion on the financial statements.

Management's and Board of Directors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Management 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 the Board of Directors 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.

Registered Office

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, NESCO IT Park 4, NESCO Center, Western Express Highway, Goregaon (East), Mumbai - 400053

Independent Auditor's Report (Continued)

Mahindra Aerostructures Private Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 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 purposes of our audit.

Independent Auditor's Report (Continued)

Mahindra Aerostructures Private Limited

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 01 April 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 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 with reference to financial statements of the Company 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 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 has disclosed the impact of pending litigations as at 31 March 2026 on its financial position in its financial statements - Refer Note 31 and Note 38 to the financial statements.
 - 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 were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 45 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 46 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
 - e. The Company has neither declared nor paid any dividend during the year.
 - f. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

B S R & Co. LLP

Independent Auditor's Report (*Continued*)

Mahindra Aerostructures Private Limited

- C. In our opinion and according to the information and explanation given to us, the remuneration paid by the Company to its director during the year is in accordance with the provision of Section 197 of the 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 B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Praveen Kumar Jain

Partner

Place: Bengaluru

Date: 21 April 2026

Membership No.: 079893

ICAI UDIN:26079893FZECVI3268

Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2026

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (i) (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 every year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancy was noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the 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, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit, relevant documents (including evidence of receipts, where goods have been received subsequently) have been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of 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 working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (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 provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership and other parties during the year. The Company has made investment in a company and other parties (mutual funds), in respect of which the requisite information is as below. The Company has not made any investments in firms or limited liability partnership. Accordingly, provisions of clauses 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year are not prejudicial to the interest of the Company. The Company has not provided guarantee or security, granted loans and advances in the nature of loans during the year.

**Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2026
(Continued)**

- (iv) 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 given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year 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, in our opinion, the undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2026 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Custom Act, 1962	Custom Act, 1962
Nature of the dues	Custom duty and penalty (including interest)	Custom duty and penalty (including interest)
Amount (Rs. in Lakhs)	1,661.66 (539.80)*	86.69 (45.33)*
Period to which the amount relates	FY 2012-13	FY 2012-13
Forum where dispute is pending	Supreme Court of India	Joint Commissioner of Customs, Chennai
Remarks	None	None

*figures in bracket represent amounts paid under protest.

- (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

**Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2026
(Continued)**

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 and borrowing or in the payment of interest thereon to any lender.
- (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 wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2026. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2026. Accordingly, clause 3(ix)(f) is not applicable.
- (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.
- (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) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) The Company is a private limited company and accordingly the requirements as stipulated by the provisions of Section 177 of the Act are not applicable to the Company. In our opinion and according to the information and explanations given to us and on the basis of our examination of records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable 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 till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has

**Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2026
(Continued)**

not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act 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, the Group (as defined in the regulations made by the Reserve Bank of India) has more than one CIC as part of the Group. The Group has 5 CICs as part of the Group
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248WW-100022

Praveen Kumar Jain

Partner

Place: Bengaluru

Membership No.: 079893

Date: 21 April 2026

ICAI UDIN:26079893FZECVI3268

Annexure B to the Independent Auditor's Report on the financial statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2026

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Aerostructures Private Limited ("the Company") as of 31 March 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2026, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

B S R & Co. LLP

**Annexure B to the Independent Auditor's Report on the financial statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2026
(Continued)**

statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Praveen Kumar Jain

Partner

Place: Bengaluru

Date: 21 April 2026

Membership No.: 079893

ICAI UDIN:26079893FZECVI3268

Mahindra Aerostructures Private Limited

Regd. Office: Mahindra Towers, P.K.Kurme Chowk, Worli, Mumbai - 400 018

Balance Sheet

Rs. In lakhs

Particulars	Note	As at March 31, 2026	As at March 31, 2025
Assets			
Non-current assets			
Property, plant and equipment	3	18,139.54	17,467.37
Capital work in progress	3	1,710.91	216.64
Intangible assets	3	315.57	157.29
Right of use assets	3A	14.49	15.27
Financial assets			
Investments	7	104.97	-
Other financial assets	10	36.81	36.21
Other tax assets (net)	4	8.60	2.22
Other non-current assets	5	1,436.55	1,734.66
Total non-current assets		21,767.44	19,629.66
Current assets			
Inventories	6	8,887.01	7,587.97
Financial assets			
Trade receivables	8	12,214.87	9,755.84
Cash and cash equivalents	9	21.88	28.19
Other financial assets	10	121.59	43.55
Other current assets	11	4,085.44	3,018.38
Total current assets		25,330.79	20,433.93
Total assets		47,098.23	40,063.59
Equity and liabilities			
Equity			
Equity share capital	12	57,783.80	46,450.00
Other equity	13	(30,303.03)	(30,495.71)
Total equity		27,480.77	15,954.29
Non-current liabilities			
Financial liabilities			
Borrowings	14	2,309.45	10,249.22
Lease liabilities	15	8.37	14.05
Provisions	17	430.44	100.86
Other non-current liabilities	19	75.38	-
Total non-current liabilities		2,823.64	10,364.13
Current liabilities			
Financial liabilities			
Borrowings	14	7,784.09	10,453.08
Lease liabilities	15	9.71	5.22
Trade payables	18		
Total outstanding dues of Micro Enterprises and Small Enterprises		766.42	56.08
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		3,404.63	1,095.64
Other financial liabilities	16	125.66	124.43
Other current liabilities	19	4,592.92	1,905.97
Provisions	17	110.39	104.75
Total current liabilities		16,793.82	13,745.17
Total equity and liabilities		47,098.23	40,063.59

Material accounting policies

2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

(Firm's registration No. 101248W/W-100022)

For and on behalf of the Board of Directors of

Mahindra Aerostructures Private Limited

CIN U35122MH2011PTC212744

Praveen Kumar Jain

Partner

Membership No. 0/9893

Dr. Karthik Krishnamurthy

Wholetime Director

DIN 0/130/99

Mr. Arvind Kumar Mehra

Managing Director & CEO

DIN 01039769

Mr. T. Subrahmanya Sarma

Chief Financial Officer

PAN: AAWPT5805A

Place: Mumbai

Date: April 21, 2026

Mr. V.S. Ramesh

Company Secretary

Membership No. ACS5769

Place: Bangalore

Date: April 21, 2026

Mahindra Aerostructures Private Limited

Regd. Office: Mahindra Towers, P.K.Kurke Chowk, Worli, Mumbai - 400 018

Statement of Profit and Loss
Rs. In lakhs

Particulars	Note	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations	20	32,118.80	25,805.50
Other income	21	729.17	2.52
Total income		32,847.97	25,808.02
Expenses			
Cost of materials consumed	22	12,987.17	10,975.86
Changes in inventories of finished goods and work-in-progress	23	46.68	(26.22)
Employee benefits expenses	24	7,552.47	6,804.57
Finance costs	25	1,275.09	1,178.69
Depreciation and amortization expense	26	2,367.01	1,781.40
Other expenses	27	8,141.90	5,873.54
Total expenses		32,370.32	26,587.84
Profit / (Loss) before exceptional items and tax		477.65	(779.82)
Exceptional items			
Statutory impact of new Labour Codes	39	318.26	-
Profit / (Loss) before tax		159.39	(779.82)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the year		159.39	(779.82)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement (loss) / gain on defined benefit plans (net of tax)		33.29	(50.39)
Other comprehensive income for the year, net of tax		33.29	(50.39)
Total comprehensive income / (loss) for the year		192.68	(830.21)
Earnings per equity share:	33		
(Nominal value of Rs. 10 per share)			
Basic earnings per share		0.03	(0.17)
Diluted earnings per share		0.03	(0.17)
Material accounting policies	2		
The accompanying notes form an integral part of the financial statements			
As per our report of even date attached			
for BSR & Co. LLP		For and on behalf of the Board of Directors of	
Chartered Accountants		Mahindra Aerostructures Private Limited	
(Firm's registration No. 101248W/W-100022)		CIN U35122MH2011PTC212744	
Praveen Kumar Jain		Dr. Karthik Krishnamurthy	Mr. Arvind Kumar Mehra
Partner		Wholetime Director	Managing Director & CEO
Membership No. 079893		DIN 07130799	DIN 01039769
		Mr. T. Subrahmanya Sarma	Mr. V.S. Ramesh
		Chief Financial Officer	Company Secretary
		PAN: AAWPT5805A	Membership No. ACS5769
Place: Bangalore		Place: Mumbai	
Date: April 21, 2026		Date: April 21, 2026	

Mahindra Aerostructures Private Limited

Regd. Office: Mahindra Towers, P.K.Kurme Chowk, Worli, Mumbai - 400 018

Statement of Cashflows
Rs. in lakhs

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
A. Cash flow from operating activities:				
Profit / (Loss) before tax		159.39		(779.82)
<u>Adjustments for:</u>				
Depreciation and amortisation expense	2,367.01		1,781.40	
Finance costs	1,275.09		1,178.69	
Customs duty provision (Refer Note 38)	1,163.22		-	
Property plant and equipment written off	1.05		16.46	
Loss / (Profit) on sale of property plant and equipment (net)	(5.72)		-	
Interest income	(7.98)		(0.10)	
Profit on sale of mutual funds	(16.64)		-	
Deferred Government Grant	(13.05)		-	
Net unrealised exchange gain	(372.09)	4,390.89	49.62	3,026.07
Operating gain before working capital changes		4,550.28		2,246.25
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Inventories	(1,299.04)		(641.81)	
Trade receivables	(2,061.15)		(1,052.40)	
Current financial and other current assets	(1,145.10)		(724.06)	
Non-current financial and other non-current assets	968.22		(10.01)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	2,995.65		(497.93)	
Current financial and other current liabilities	1,508.16		1,036.25	
Provisions	368.51	1,335.25	(9.96)	(1,899.92)
Cash generated from operations		5,885.53		346.33
Net income tax refunds / (paid)		(6.38)		0.23
Net cash generated from operating activities (A)		5,879.15		346.56
B. Cash flow from investing activities:				
Payment to acquire property, plant and equipment, including capital advances	(5,358.50)		(5,700.24)	
Proceeds from sale of property, plant and equipment	9.47		-	
Investment in bank deposits	(6,120.00)		-	
Proceeds from maturity of bank deposits	6,125.49		-	
Investment in mutual funds	(4,252.00)		-	
Proceeds from redemption of mutual funds	4,268.64		-	
Investment in Equity Shares	(104.97)		-	
Receipt of asset-related government grant	104.00		-	
Interest income received	2.49		0.10	
Net cash used in investing activities (B)		(5,325.38)		(5,700.14)
C. Cash flow from financing activities:				
Proceeds from issue of equity shares	11,333.80		-	
Proceeds from short term loans from related parties	7,700.00		20,150.00	
Repayment of short term loans from related parties	(10,300.00)		(10,100.00)	
Working capital borrowings (net)	(50.05)		15.25	
Proceeds from Long term borrowings from related parties	2,300.00		-	
Repayment of Long term borrowings from related parties	(9,850.00)		-	
Repayment of Long term borrowings	-		(4,143.19)	
Repayment of lease liabilities	(12.08)		(6.66)	
Finance costs	(1,681.79)		(938.79)	
Net cash (used in) / generated from financing activities (C)		(560.12)		4,976.61
Net decrease in cash and cash equivalents (A+B+C)		(6.35)		(376.97)

Mahindra Aerostructures Private Limited

Regd. Office: Mahindra Towers, P.K.Kurke Chowk, Worli, Mumbai - 400 018

Statement of Cashflows (Continued)**Rs. in lakhs**

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
Effect of exchange differences on restatement of foreign currency cash and cash equivalent		0.04		(0.07)
Cash and cash equivalents at the beginning of the year		28.19		405.23
Cash and cash equivalents at the end of the year		21.88		28.19
Components of Cash and cash equivalents (Refer Note 9)				
Balance with banks				
– On current accounts		11.35		-
– On EEFC accounts		10.53		28.19
Cash on hand		-		-
Material accounting policies (Refer note 2)				
The accompanying notes form an integral part of the financial statements				
As per our report of even date attached				
for B S R & Co. LLP		For and on behalf of the Board of Directors of		
Chartered Accountants		Mahindra Aerostructures Private Limited		
(Firm's registration No. 101248W/W-100022)		CIN U35122MH2011PTC212744		
Praveen Kumar Jain		Dr. Karthik Krishnamurthy	Mr. Arvind Kumar Mehra	
Partner		Wholetime Director	Managing Director & CEO	
Membership No. 079893		DIN 07130799	DIN 01039769	
		Mr. T. Subrahmanya Sarma	Mr. V.S. Ramesh	
		Chief Financial Officer	Company Secretary	
		PAN: AAWPT5805A	Membership No. ACS5769	
Place: Bangalore		Place: Mumbai		
Date: April 21, 2026		Date: April 21, 2026		

Mahindra Aerostructures Private Limited

Regd. Office: Mahindra Towers, P.K.Kurke Chowk, Worli, Mumbai - 400 018

Statement of Changes in Equity

a. Equity share capital:		Rs. In lakhs	
As at April 1, 2024		46,450.00	
Add: changes in equity shares		-	
As at March 31, 2025		46,450.00	
Add: changes in equity shares		11,333.80	
As at March 31, 2026		57,783.80	
b. Other equity		Rs. In lakhs	
Particulars	Retained Earnings	Other comprehensive income	Total
As at April 1, 2024	(29,667.77)	2.27	(29,665.50)
Loss for the year	(779.82)	-	(779.82)
Re-measurement gain on defined benefit plans	-	(50.39)	(50.39)
Total comprehensive income	(779.82)	(50.39)	(830.21)
As at March 31, 2025	(30,447.59)	(48.12)	(30,495.71)
As at April 1, 2025	(30,447.59)	(48.12)	(30,495.71)
Profit for the year	159.39	-	159.39
Re-measurement loss on defined benefit plans	-	33.29	33.29
Total comprehensive income	159.39	33.29	192.68
As at March 31, 2026	(30,288.20)	(14.83)	(30,303.03)
Material accounting policies (Refer Note 2)			
The accompanying notes form an integral part of the financial statements			
As per our report of even date attached			
for B S R & Co. LLP		For and on behalf of the Board of Directors of	
Chartered Accountants		Mahindra Aerostructures Private Limited	
(Firm's registration No. 101248W/W-100022)		CIN U35122MH2011PTC212744	
Praveen Kumar Jain		Dr. Karthik Krishnamurthy	Mr. Arvind Kumar Mehra
Partner		Wholetime Director	Managing Director & CEO
Membership No. 079893		DIN 07130799	DIN 01039769
		Mr. T. Subrahmanya Sarma	Mr. V.S.Ramesh
		Chief Financial Officer	Company Secretary
		PAN: AAWPT5805A	Membership No. ACS5769
Place: Bangalore		Place: Mumbai	
Date: April 21, 2026		Date: April 21, 2026	

Mahindra Aerostructures Private Limited
Notes to the Financial Statements for the year March 31, 2026

1. Corporate Information

Mahindra Aerostructures Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai – 400 018. The Company was incorporated on January 27, 2011 under the provisions of the Indian Companies Act, 1956. The Company is primarily involved in the business of manufacture and sale of aircraft components, assemblies and Aerostructures.

2. Basis of preparation and Material accounting policies:

2.1 Basis of preparation

A. Statement of compliance

The Financial Statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013 (The 'Act') and other relevant provisions of the Act.

The Financial Statements were authorised for issue by the Company's Board of Directors on 21 April 2026.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These Financial Statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Mahindra Aerostructures Private Limited

Notes to the financial statements for the year ended March 31, 2026

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3A - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2026 is included in the following notes:

Note 28 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 31.1 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 36 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 - useful life of Property, Plant and Equipment

Notes 7, 8, 9 and 10 - impairment of Financial Assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both Financial and Non-Financial Assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 30 - financial instruments.

2.2 Material accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Mahindra Aerostructures Private Limited
Notes to the financial statements for the year ended March 31, 2026

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased / sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life as per Management estimate	Useful life as per Schedule II of Companies Act, 2013
Factory Buildings – Roads, Compound Wall*	5 years to 30 years	3 years to 30 years
Plant and Machinery*	2 years to 25 years	15 years
Electrical Installations	3 years to 10 years	10 years
Office Equipments *	1 years to 10 years	5 years
Computers	3 years to 6 years	3 years to 6 years
Furniture and Fixtures	3 years to 10 years	8 years to 10 years
Vehicles	5 years	5 years

* The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

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Notes to the financial statements for the year ended March 31, 2026

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life as per Management estimate
Computer software	1-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and 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 CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised 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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

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Notes to the financial statements for the year ended March 31, 2026

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

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Notes to the financial statements for the year ended March 31, 2026

e) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Tools purchased for manufacture of 'First Articles', which are yet to be approved by Customers are included in Stores and Spares and are valued at actual cost incurred net of refundable duties, levies and taxes, where applicable.

Stock-in-trade is valued at the lower of net realisable value and cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Finished goods are valued at cost or net realisable value whichever is lower.

f) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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Notes to the financial statements for the year ended March 31, 2026

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

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

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial

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Notes to the financial statements for the year ended March 31, 2026

liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

g) Revenue Recognition

The Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Product development income is recognized once the first articles are approved by the customers or achievement of mile stones as per customer contract.

Job work Income: Revenue from the rendering of services is recognised upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognised pro-rata over the period contract as and when services are rendered.

Contract liability is recognised where the company has an obligation to transfer goods or services to a customer for which the entity has received consideration from customer. Contract liabilities are recognized as revenue when the company performs under the contract. (i.e., transfer of the goods or services to the customer).

Export incentives: Duty drawback and other incentives are recognized on accrual basis in the Statement of Profit and Loss.

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Notes to the financial statements for the year ended March 31, 2026

h) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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Notes to the financial statements for the year ended March 31, 2026

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

Other government grants related to assets, including non-monetary grants, are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

m) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

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If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

n) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Director - Operations.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

o) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

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Notes to the financial statements for the year ended March 31, 2026

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

q) Earnings Per Share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit / (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

s) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an individual asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their

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Notes to the financial statements for the year ended March 31, 2026

present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU.

An impairment loss in respect of other assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

t) Recent accounting pronouncement

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

1. Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Company has no impact of these amendments in its classification criteria of current and non-current liabilities.
2. Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.
3. Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and disclose that they have applied the relief. This relief is immediate and applies retrospectively.

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Notes to Financial Statements for the year ended March 31, 2026

Note 3: Property, plant and equipment

Particulars	Tangible assets						Intangible assets	
	Freehold land	Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipments	Computers	Furniture and Fixtures	Total
Cost								
As at April 1, 2024	-	6,729.55	15,123.39	1,468.72	504.75	245.31	472.93	24,544.65
Additions	-	79.09	7,474.04	-	95.31	100.23	11.01	7,759.68
Disposals	-	8.69	78.58	-	44.41	52.71	12.70	197.09
As at March 31, 2025	-	6,799.95	22,518.85	1,468.72	555.65	292.83	471.24	32,107.24
Additions	1,144.64	14.44	1,527.67	2.09	103.73	95.07	23.89	2,911.53
Disposals	-	-	28.22	-	4.64	0.35	38.41	71.62
As at March 31, 2026	1,144.64	6,814.39	24,018.30	1,470.81	654.74	387.55	456.72	34,947.15
Accumulated Depreciation and Amortisation								
As at April 1, 2024	-	2,487.14	8,587.71	1,306.64	301.49	165.99	294.37	13,143.34
Charge for the year	-	207.12	1,299.48	19.75	64.80	55.64	30.36	1,677.15
Disposals	-	4.64	70.35	-	43.52	51.25	10.86	180.62
As at March 31, 2025	-	2,699.62	9,816.84	1,326.39	322.77	170.38	313.87	14,639.87
Charge for the year	-	207.04	1,840.09	17.14	70.73	71.01	28.55	2,234.56
Disposals	-	-	26.32	-	2.30	0.33	37.87	66.82
As at March 31, 2026	-	2,896.66	11,630.61	1,343.53	391.20	241.06	304.55	16,807.61
Net block								
As at March 31, 2025	-	4,110.33	12,702.01	142.33	232.88	122.45	157.37	17,467.37
As at March 31, 2026	1,144.64	3,917.73	12,387.69	127.28	263.54	146.49	152.17	18,139.54

Particulars	Rs In Lakhs	
	As at March 31, 2026	As at March 31, 2025
Property, plant and equipment	18,139.54	17,467.37
Capital work in progress	1,710.91	216.64
Intangible assets	315.57	157.29

Note:

1. Plant and machinery includes certain equipment covered under a 'technical seizure order' issued by the Directorate of Revenue Intelligence (DRI). Gross block and net block value of these equipment as on March 31 2026 are Rs. 2,579.05 lakhs and Rs. 15.85 lakhs respectively (2025: Rs. 2,579.05 lakhs and Rs. 17.16 lakhs Gross block and net block respectively).
2. As at March 31, 2026, the Company had first part-passu charge on all movable fixed assets (both present and future) in favour of Axis Bank Limited for the Credit facilities availed by the Company.
3. The factory buildings are self-constructed and situated on owned land (consideration for which is paid and the leased land is transferred in the name of the Company). Also refer note 31 (2)(b).

Capital work in progress

Particulars	Rs. in lakhs	
	As at March 31, 2026	As at March 31, 2025
Opening balance	216.64	139.10
Additions	3,261.16	7,837.22
Capitalised during the year	(1,766.89)	(7,759.68)
Closing balance	1,710.91	216.64

Ageing of Capital work in progress

Particulars	Rs. In lakhs		
	Less than 1 year	1-2 years	2-3 years
As at March 31, 2026	1,697.81	13.10	-
As at March 31, 2025	216.64	-	-
Total	1,710.91	-	-

Capital work in progress does not contain any projects, which are temporarily suspended or whose completion is overdue or has exceeded its cost compared to its original plan.

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 3A: Right of use assets

Rs. in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Right-of-use-assets	14.49	15.27
	14.49	15.27

Interest on lease liabilities for the year ended on March 31, 2026 is Rs. 2.01 lakhs (2025: Rs. 1.86 lakhs)

Gross carrying amounts of lease assets and recognised and the movements during the year:

Particulars	As at March 31, 2026	As at March 31, 2025
Gross Carrying Value	42.81	42.81
Additions	8.88	-
Derecognition during the year	-	-
Gross carrying amount	51.69	42.81

Accumulated depreciation

Particulars	As at March 31, 2026	As at March 31, 2025
Opening balance	27.54	22.77
Charge for the year	9.66	4.77
Derecognition during the year	-	-
Accumulated depreciation amount	37.20	27.54

Net carrying value

Particulars	As at March 31, 2026	As at March 31, 2025
Net carrying value	14.49	15.27

Note 4: Other tax assets (net)

Rs. in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
TDS receivable (net of provision for taxation Rs. Nil (2025: Rs. Nil))	8.60	2.22
	8.60	2.22

Note 5: Other non-current assets

Particulars	Rs. In lakhs	
	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good unless otherwise stated		
Balances with government authorities		
GST credit receivable	1,244.30	1,244.30
Less: Provision	(1,244.30)	(1,244.30)
	-	-
Customs deposit [Refer Note 38]	-	277.47
Capital advances	1,000.76	330.05
Consideration paid for lease land [Refer Note 31 (2) (b)]	-	1,127.14
Contract assets	435.79	-
	1,436.55	1,734.66

Note 6: Inventories

Particulars	Rs. In lakhs	
	As at March 31, 2026	As at March 31, 2025
(at the lower of cost and net realisable value)		
Raw materials [Net of provision Rs. 142.46 lakhs (2025: Rs.164.60 lakhs)] [Includes in transit Rs. 793.08 lakhs; (2025: Nil)]	5,386.48	4,114.08
Work in progress [Net of provision Rs. 10.95 lakhs (2025: Rs. 18.78 lakhs)]	1,443.00	1,382.73
Finished goods [Net of provision Rs.63.25 lakhs (2025: Rs.60.69 lakhs)] [Includes in transit Rs. 123.30 lakhs; (2025: Rs.30.60 lakhs)]	1,320.19	1,427.14
Stores and spares [Net of provision - Rs. Nil (2025: Nil)]	737.34	664.02
	8,887.01	7,587.97

Inventories of Finished goods and Work in progress have been reduced by Rs. 43.31 lakhs (2025: Rs. 28.22 lakhs) and Rs. 50.41 lakhs (2025: Rs. 69.32 lakhs) respectively as a result of the write-down to net realisable value

The movement in provision on inventory during the year is as under:

Particulars	Rs. In lakhs	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance	244.07	168.39
Add: Provision during the year	21.17	80.83
Less: Utilised during the year	(48.58)	(5.15)
Closing balance	216.66	244.07

The provision on inventory is recorded as 'Cost of materials consumed' and 'Changes in inventories of finished goods and work-in-progress'

Note 7: Investments

Particulars	Rs. In lakhs	
	As at March 31, 2026	As at March 31, 2025
Non Current Investments		
Unquoted investments at amortised cost		
Clean Renewable Energy KK 1B Private Limited	104.97	-
[3,87,920 (2025: Nil) Equity Shares of Rs.10 each, fully paid-up]		
Aggregate value of unquoted investments	104.97	-

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 8: Trade receivables

Rs. in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, undisputed trade receivables considered good	12,214.87	9,755.84
Less: Loss allowance	-	-
	12,214.87	9,755.84

Notes:

1. There are no trade receivables which are disputed or having significant increase in credit risk or credit impaired
2. No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
3. The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 30
4. There are no unbilled trade receivables

Ageing of unsecured, Trade receivables outstanding for the following periods from the due date of payment:

As at March 31, 2026

Rs. in lakhs

	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	11,619.82	595.05	-	-	-	-	12,214.87
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	11,619.82	595.05	-	-	-	-	12,214.87

As at March 31, 2025

Rs. in lakhs

	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	8,610.48	1,144.85	0.51	-	-	-	9,755.84
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
Total	8,610.48	1,144.85	0.51	-	-	-	9,755.84

Mahindra Aerostructures Private Limited

Notes to Financial Statements for the year ended March 31, 2026

Note 9: Cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Cash and cash equivalents		
Balances with banks		
On EEFC accounts	10.53	28.19
On Current Accounts	11.35	-
Cash on hand	-	-
	21.88	28.19

Note 10: Other financial assets

Rs. In lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good unless and otherwise stated		
Non - current		
Security deposits	36.81	36.21
	36.81	36.21
Current		
Duty drawback receivable	121.59	43.55
	121.59	43.55

Security deposit are are carried at amortised cost

The Company's exposure to currency and liquidity risk are disclosed in Note 30

Note 11: Other current assets

Rs. In lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good unless and otherwise stated		
Balances with government authorities:		
GST credit receivable	2,883.11	2,647.37
RoDTEP benefit receivable	95.25	76.94
	2,978.36	2,724.31
Advance to suppliers	894.76	90.39
Advances to employees	6.78	8.08
Other Receivable	7.67	-
Prepaid expenses	197.87	195.60
	4,085.44	3,018.38

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026
Note 12 - Equity share capital

	Particulars	Rs. in lakhs			
		As at March 31, 2026		As at March 31, 2025	
		No of shares	Amount	No of shares	Amount
1	Authorised: (Equity shares of Rs 10 each)	85,00,00,000	85,000.00	47,00,00,000	47,000.00
	Total	85,00,00,000	85,000.00	47,00,00,000	47,000.00
2	Issued, Subscribed and fully paid up: Equity: (Equity shares of Rs 10 each)				
	Opening balance	46,45,00,000	46,450.00	46,45,00,000	46,450.00
	Add: Issued during the year (Refer below note 4)	11,33,37,998	11,333.80	-	-
	Closing balance	57,78,37,998	57,783.80	46,45,00,000	46,450.00
	Total	57,78,37,998	57,783.80	46,45,00,000	46,450.00

Notes:

- 1) Out of the total equity shares, 577,837,998 (2025: 464,500,000) shares are held by Mahindra Aerospace Private Limited, the holding company, including shares held jointly with nominees.

- 2) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at March 31, 2026		As at March 31, 2025	
	No of shares	%	No of shares	%
Mahindra Aerospace Private Limited and its nominees*	57,78,37,998	100.00%	46,45,00,000	100.00%

* Includes 8 shares (2025: 8 shares) held by nominees jointly with Mahindra Aerospace Private Limited

- 3) Shareholding of Promoters

As at 31 Mar 2026

Promoter Name	No of shares at the beginning of the year	Change during the year	No of Shares at the end of year	% of total shares	% of change during the year
Mahindra Aerospace Private Limited and its nominees*	46,45,00,000	11,33,37,998	57,78,37,998	100.00%	0.00%

* Includes 8 shares (2025: 8 shares) held by nominees jointly with Mahindra Aerospace Private Limited

As at 31 March 2025

Promoter Name	No of shares at the beginning of the year	Change during the year	No of Shares at the end of year	% of total shares	% of change during the year
Mahindra Aerospace Private Limited and its nominees*	46,45,00,000	-	46,45,00,000	100.00%	0.00%

* Includes 8 shares (2025: 8 shares) held by nominees jointly with Mahindra Aerospace Private Limited

- 3) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

- 4) During current year, the Company has made a rights issue offer of 11,33,37,998 equity shares of Rs. 10 each for cash at par. The offer period was from September 13, 2025 to September 29, 2025 (both days inclusive). Upon subscription of the said offer, the Board of Directors through circular resolution dated September 20, 2025, approved for allotment of 11,33,37,998 equity shares of Rs. 10 each for cash at par.
- 5) The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Note 13: Other equity

Particulars	Retained earnings	Other comprehensive income	Rs. in lakhs	
			Total	
As at April 1, 2024	(29,667.77)	2.27	(29,665.50)	
Re-measurement gain/(loss) on defined benefit plans	-	(50.39)	(50.39)	
Loss for the year	(779.82)	-	(779.82)	
As at March 31, 2025	(30,447.59)	(48.12)	(30,495.71)	
Re-measurement gain/(loss) on defined benefit plans	-	33.29	33.29	
Profit for the year	159.39	-	159.39	
As at March 31, 2026	(30,288.20)	(14.83)	(30,303.03)	
Total other equity				
As at March 31, 2025	(30,447.59)	(48.12)	(30,495.71)	
As at March 31, 2026	(30,288.20)	(14.83)	(30,303.03)	

Retained earnings :

The cumulative gain or loss arising from the operations which is retained by the Company is recognized and accumulated under the heading of retained earnings. At the end of the year, the profit / (loss) after tax is transferred from the Statement of profit and loss to retained earnings.

Other comprehensive income :

Differences between the interest income on plan assets and return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognized in 'Other equity' and subsequently not reclassified to the Statement of profit and loss.

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 14: Borrowings

Rs. In lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Carried at Amortised Cost		
Non-current		
Unsecured		
Loan from related party (Refer note 29) #	2,309.45	10,249.22
	2,309.45	10,249.22
Carried at Amortised Cost		
Current (Refer note 1 below)		
Secured		
Working capital loan from banks##	47.02	96.45
Unsecured		
Loan from related party (Refer note 29) ###	7,737.07	10,356.63
	7,784.09	10,453.08

includes interest accrued but not due Rs. 9.45 lakhs (2025: Rs. 399.22 lakhs)

Includes Interest accrues but not due Rs. 0.62 lakhs (2025: Rs. Nil)

Includes interest accrued but not due Rs. 37.07 lakhs (2025: Rs. 56.63 lakhs)

Note 1: Terms and repayment schedule

Terms and condition of outstanding borrowings are as follows

Rs. In lakhs

Name of Bank/Party	Nominal interest rate %	Year of maturity	Carrying amount	
			As at March 31, 2026	As at March 31, 2025
Axis Bank - Working capital loan**	1M MCLR	On demand	-	25.18
HDFC Bank - Working capital loan**	Repo 3M + 3.95%	On demand	47.02	71.27
Mahindra & Mahindra Limited	3M T Bill + 1.75%	1 year	7,737.07	10,356.63
Mahindra & Mahindra Limited	3M T Bill + 2.00%	2 year	2,309.45	10,249.22

** The Company has availed working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit, which are secured by charge on all current assests (both present and future)

Note 2: Borrowings are used for the specific purpose for which it was taken. Monthly stock statements submitted to banks are in agreement with books of account.

Net debt reconciliation:

Rs. In lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Cash and cash equivalents	21.88	28.19
Current borrowings	(7,784.09)	(10,453.08)
Non-Current borrowings	(2,309.45)	(10,249.22)
Current maturities of long-term loans	-	-
Net Surplus/ (debt)	(10,071.66)	(20,674.11)

Reconciliation of movement in borrowings to cash flows from financing activities

Particulars	Long term borrowings		Short term borrowings	
	As at March 31, 2026	As at March 31, 2025	As at March 31, 2026	As at March 31, 2025
Opening balance				
Principal	9,850.00	4,143.19	10,396.45	10,181.20
Interest accrued but not due	399.22	-	56.63	-
	10,249.22	4,143.19	10,453.08	10,181.20
Cash flow movements				
Proceeds from borrowings	2,300.00	9,850.00	7,700.00	10,315.25
Repayment of borrowings	(9,850.00)	(4,143.19)	(10,350.05)	(10,100.00)
Interest expenses	334.71	481.71	607.65	827.25
Interest paid	(724.48)	(82.49)	(626.59)	(770.62)
Interest accrued	-	-	-	-
	(7,939.77)	6,106.03	(2,668.99)	271.88
Closing balance				
Principal	2,300.00	9,850.00	7,746.40	10,396.45
Interest accrued but not due	9.45	399.22	37.69	56.63
	2,309.45	10,249.22	7,784.09	10,453.08

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026
Note 15 - Lease liabilities

The Company has entered into lease contracts of equipment and CTC vehicles. The lease is non-cancellable for a period of 1 - 10 years and may be renewed, if applicable, based on mutual agreement between the parties.

Rs. In lakhs		
Particulars	As at March 31, 2026	As at March 31, 2025
Non-current		
Lease liabilities	8.37	14.05
	8.37	14.05
Current		
Lease liabilities	9.71	5.22
	9.71	5.22

Carrying amounts of lease liabilities recognised and the movements during the year:

Rs. In lakhs		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance	19.27	24.07
Additions	8.88	-
Interest on lease liability	2.01	1.86
Payments	(12.08)	(6.66)
Closing balance	18.08	19.27
Current	9.71	5.22
Non-Current	8.37	14.05

Rs. In lakhs		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
The Following are the amounts recognised in Profit or Loss		
Depreciation expense of right-of-use assets	9.66	4.77
Interest expense on lease liabilities	2.01	1.86
Total amount recognised in statement of Profit and loss	11.67	6.63

Rs. In lakhs		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
The amounts recognised in statement of cash flows		
Payment of principal portion of lease liabilities	10.07	4.80
Payment of interest portion of lease liabilities	2.01	1.86
Total	12.08	6.66

Contractual maturities of lease liabilities on an undiscounted basis:

Rs. In lakhs		
Particulars	As at March 31, 2026	As at March 31, 2025
Not later than one year	10.83	6.66
Later than one year and not later than five years	8.88	15.54
More than five years	-	-
	19.71	22.20

Other Disclosure:

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at date of commencement of lease. The incremental borrowing rate of 8.50% (31 March 2025: 8.50% p.a) has been applied to lease liabilities recognised.

Mahindra Aerostructures Private Limited**Notes to Financial Statements for the year ended March 31, 2026****Note 16: Other financial liabilities****Rs. In lakhs**

Particulars	As at March 31, 2026	As at March 31, 2025
Current		
Security deposits from related party (Refer Note 29)	2.30	2.30
Derivatives - MTM loss on foreign currency forward contract**	2.15	-
Capital creditors*	121.21	122.13
	125.66	124.43

*Includes Dues to micro and small enterprises Rs. 8.79 lakhs (2025: Rs. 6.52 lakhs) (Refer Note 32)

**Derivatives are carried at fair value

Note 17: Provisions**Rs. In lakhs**

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Non-current		
Gratuity (Refer Note 28b)	240.04	7.13
Compensated absences	190.40	93.73
	430.44	100.86
Current		
Gratuity (Refer Note 28b)	73.48	79.60
Compensated absences	36.91	25.15
	110.39	104.75

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 18: Trade Payables

Particulars	Rs. In lakhs	
	As at March 31, 2026	As at March 31, 2025
Current, undisputed		
Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	766.42	56.08
Total outstanding dues of creditors other than micro enterprises and small enterprises *	3,404.63	1,095.64
	4,171.05	1,151.72

* Includes outstanding dues to related parties Rs. 128.45 lakhs (2025: Rs 155.88 lakhs) (Refer Note 29).

Note: there are no disputed trade payables

Ageing of Undisputed trade payables outstanding for the following periods from the due date of payment:

Particulars	Rs in Lakhs					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Dues of micro and small enterprises	352.59	0.20	-	-	-	352.79
Others	1,756.86	461.75	-	-	-	2,218.61
						2,571.40
Accrued expenses						
Micro and small enterprises						413.63
Others						1,186.02
						4,171.05

As at March 31, 2025

Particulars	Rs in Lakhs					
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Dues to micro and small enterprises	8.95	4.72	-	-	-	13.67
Others	816.21	135.22	-	-	-	951.43
						965.10
Accrued expenses						
Micro and small enterprises						42.41
Others						144.21
						1,151.72

Note 19: Other liabilities

Particulars	Rs. In lakhs	
	As at March 31, 2026	As at March 31, 2025
Non-Curent		
Deferred Revenue - Government Grant	75.38	-
	75.38	-
Curent		
Customs duty provision (Refer note 38)	1,163.22	-
Statutory dues	141.85	232.67
Deferred Revenue - Government Grant	15.57	-
Payables to employees	782.81	703.47
Advances from Customers	2,462.67	944.70
Interest Payable to Micro and Small enterprises (Refer Note 32 (E))	18.42	19.28
Others	8.38	5.85
	4,592.92	1,905.97

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 20: Revenue from operations

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale of products		
- Manufactured products	28,239.31	23,497.70
Sale of services		
- Job work income	39.89	54.79
- Product development income	2,994.45	1,666.11
Other operating revenues		
Export incentives	497.88	386.53
Scrap sales	347.27	200.37
	32,118.80	25,805.50

a) Disaggregation of the Company's revenue from contracts with customers:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Timing of revenue recognition		
Goods transferred at a point of time (including scrap sales)	28,586.58	23,698.07
Service rendered at a point of time	2,598.55	1,720.90
Service rendered over a period of time	435.79	-
	31,620.92	25,418.97

b) Contract balances :

The following table provides information about trade receivables, advance from customers and contract assets

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Trade receivables *	12,214.87	9,755.84
Advance from customers **	2,462.67	944.70
Contract assets ***	435.79	-

Notes:

* Trade receivables are non-interest bearing and generally carry credit period of 30 to 120 days.

** Advance from customers relates to payments received in advance of performance against which amount has been received from customer but services are yet to be rendered on the reporting date.

*** Contract assets primarily relate to the Company's performance obligations that are completely or partially satisfied at the reporting date as the billing is conditional upon completion of project.

c) Changes in advance from customers during the year ended 31 March, 2026 and March 31, 2025 are as follows:

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	944.70	151.96
Add: Advances received during the period	1,595.88	846.87
Less: Revenue recognised during the period	(77.91)	(54.13)
Balance at the end of the period	2,462.67	944.70

d) Changes in contract assets during the year ended 31 March, 2026 and March 31, 2025 are as follows:

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	-	-
Add: Increase due to revenue recognised during the year, excluding amounts billed during the year	435.79	-
Less: Invoices raised that were included in the contract assets balance at the beginning of the year	-	-
Balance at the end of the period	435.79	-

During the year ended March 31, 2026, the Company recognised revenue of Rs. 435.79 Lakhs, equivalent to approximately 12 % of the total aggregate value of performance obligations.

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialised and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2026 is Rs. 3,305.10 lakhs (March 31, 2025: Nil). Out of this, the Company expects to recognise revenue of approximately 68% (March 31, 2025: Nil) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

Note 21: Other income

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Operating lease rental income	2.54	2.42
Gain on foreign exchange translation (net)	659.06	-
Profit on sale of mutual funds	16.64	-
Interest income		
- From Banks	5.49	-
- On Income tax refund	0.12	0.10
- Others	2.37	-
Insurance claim received	23.73	-
Profit on sale of property, plant and equipment (net)	5.72	-
Deferred Government Grant	13.05	-
Other miscellaneous income	0.45	-
	729.17	2.52

Note 22: Cost of materials consumed

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Inventory at the beginning of the year	4,114.08	3,619.65
Add: Purchases	14,259.57	11,470.29
Less: Inventory at the end of the year	5,386.48	4,114.08
	12,987.17	10,975.86

Note 23: Changes in Inventories of finished goods and work-in-progress

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
At the beginning of the year		
Work-in progress	1,382.73	1,664.32
Finished progress	1,427.14	1,119.33
	2,809.87	2,783.65
At the end of the year		
Work-in progress	1,443.00	1,382.73
Finished goods	1,320.19	1,427.14
	2,763.19	2,809.87
Net (Increase) / decrease	46.68	(26.22)

Note 24: Employee benefits expenses

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus	6,466.42	5,736.22
Contribution to provident and other funds *	360.43	370.63
Staff welfare expenses	725.62	697.72
	7,552.47	6,804.57

* Includes Gratuity expense of Rs. 89.86 lakhs (2025: Rs. 64.19 lakhs)

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Rs. In lakhs

Note 25: Finance costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest expense on financial liabilities measured at amortised costs		
On Term loans*	334.71	320.41
(Net of interest capitalised 2026 : NIL (2025: Rs. 161.30 lakhs)		
On Working capital Loan**	607.65	827.25
On lease liabilities	2.01	1.86
Guarantee Commission	315.82	-
On others	14.90	29.17
	1,275.09	1,178.69

*Includes interest paid to related party Rs. 334.71 lakhs (2025: Rs. 299.31 lakhs) [Net of interest capitalised Rs. Nil (2025: Rs. 144.27 lakhs)] (Refer Note 29)

** Interest paid to related party Rs. 575.81 lakhs (2025: Rs. 789.22 lakhs) (Refer Note 29)

Note 26: Depreciation and amortisation expense

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of tangible assets (Refer note 3)	2,234.56	1,677.15
Amortisation of intangible assets (Refer note 3)	122.79	99.48
Depreciation on right-of-use asset (Refer note 3A)	9.66	4.77
	2,367.01	1,781.40

Note 27: Other expenses

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumption of stores and spares	1,563.06	1,422.56
Power and fuel	644.84	602.84
Repairs and maintenance:		
- Plant and equipment	351.57	306.13
- Buildings	-	15.07
- Others	82.20	70.19
Insurance	248.91	255.49
Rates and taxes (refer Note 38)	2,017.91	192.04
Auditors remuneration (refer Note below)	27.14	18.67
Legal and other professional charges	896.98	1,002.92
Travelling and conveyance	370.20	318.55
Bank charges	32.67	29.14
Business promotion expenses	40.98	38.38
Freight outwards	240.32	185.90
Information technology expenses	465.51	376.36
Manpower hiring expenses	51.52	188.94
Property, plant and equipment written off	1.05	16.46
Office and administrative expenses	247.43	198.35
Testing and calibration charges	171.23	180.09
Loss on foreign exchange translation (net)	-	15.47
Other miscellaneous expenses	688.38	439.99
	8,141.90	5,873.54

Note:

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Auditors remuneration (excluding GST) includes:		
Statutory audit	18.00	14.00
Other services and certifications	6.00	2.00
Reimbursement of expenses	3.14	2.67
	27.14	18.67

Note 28: Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and others aggregating Rs.270.57 lakhs (2025 : Rs. 306.44 lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit is payable as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Particulars	Rs. in lakhs	
	Funded Plan	
	Gratuity	
	31-Mar-26	31-Mar-25
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	87.29	63.74
Net interest cost	2.57	0.45
	89.86	64.19
II. Recognised in other comprehensive income		
Return on Plan Assets	4.68	3.88
Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	-	-
- Financial Assumptions	(24.00)	13.60
- Experience Adjustments	(13.97)	32.91
	(33.29)	50.39
Total	56.57	114.58
III. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	366.58	296.44
2. Acquisitions/Divestures/Transfer (transfer of employees from Mahindra & Mahindra Limited)	30.65	-
3. Current Service Cost	87.29	63.74
4. Plan Amendment	238.82	-
4. Interest Cost	23.85	19.41
5. Recognised in Other Comprehensive Income		
- Actuarial (Gain) / Loss	(37.97)	46.51
6. Benefit paid	(45.00)	(59.52)
Present value of defined benefit obligation at the end of the year	664.22	366.58
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	279.85	256.35
2. Interest income	21.27	18.97
3. Recognised in Other Comprehensive Income		
- Return on plan assets	(4.68)	(3.88)
4. Contributions by employer	99.26	67.93
5. Benefit paid	(45.00)	(59.52)
Fair value of plan assets at the end of the year	350.70	279.85
V. Net Liability/(Asset) recognised in the Balance Sheet		
Present value of defined benefit obligation	664.22	366.58
- Fair value of plan assets	(350.70)	(279.85)
Net Liability	313.52	86.73
Current portion of the above	73.48	79.60
Non current portion of the above	240.04	7.13

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Actuarial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	31-Mar-26	31-Mar-25
Discount rate	7.36%	6.93%
Future salary increases	6.00%	6.00%
Attrition rate	11.12%	11.12%
Estimated rate of return on plan assets	6.93%	7.28%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2012-14) (Ultimate)

A quantitative sensitivity analysis for significant assumption are as below

Assumptions	Year ended		Impact on defined benefit obligation - Gratuity (Rs.in lakhs)		Percentage change	
		Changes in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount Rate	As at March 31, 2026	1% / -1%	(57.27)	67.41	(8.62%)	10.15%
	As at March 31, 2025	1% / -1%	(32.95)	38.88	(8.99%)	10.61%
Further Salary Increase	As at March 31, 2026	1% / -1%	60.67	(52.87)	9.13%	(7.96%)
	As at March 31, 2025	1% / -1%	37.35	(32.05)	10.19%	(8.74%)
Attrition	As at March 31, 2026	1% / -1%	(0.85)	0.84	(0.13%)	0.13%
	As at March 31, 2025	1% / -1%	(0.29)	0.14	(0.08%)	0.04%
Mortality	As at March 31, 2026	10% Up	0.12	NA	0.00%	NA
	As at March 31, 2025	10% Up	0.01	NA	0.00%	NA

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following is the maturity profile of defined benefit obligation:

Rs. in lakhs

Particulars	Gratuity	
	31-Mar-26	31-Mar-25
Within the next 12 months	45.84	23.04
Between 2 and 5 years	187.95	93.28
Between 6 and 10 years	109.39	65.24
Above 10 years	321.04	185.03

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 29: Related Party transactions

i) Related parties where control exists along with nature of relationship

Name of Related Party Company	Nature of Relationship
Mahindra & Mahindra Limited	Ultimate holding company
Mahindra Aerospace Private Limited	Holding company
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	Employees Gratuity Trust

Other related parties with whom transaction have taken place during the year:

Name of Related Party	Nature of Relationship
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
Bristlecone India Limited	Fellow subsidiary
Mahindra Defence Systems Limited	Fellow subsidiary
Tech Mahindra Limited	Associate of ultimate holding company
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel (KMP)

Mr. S. P. Shukla	Director (until October 22, 2024)
Mr. Vinod Kumar Sahay	Director
Mr. Arvind Kumar Mehra	Managing Director & CEO
Dr. Karthik Krishnamurthy	Wholetime Director
Mr. Mukul Verma	Director
Mrs. Abanti Sankaranarayanan	Director (w.e.f April 22, 2024)
Mrs. Manaswini Goel	Director (w.e.f February 14, 2025)
Mr. T Subrahmanya Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary (Untill May 22, 2024) & Company Secretary (w.e.f July 17, 2024)

iii) Details of the transactions with the related parties during the year:

Rs. In lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
I. Transactions with Group entities		
Services received		
Mahindra & Mahindra Limited		
Staff welfare (Training expenses)	13.68	10.47
Professional Services	548.51	652.56
Information technology expenses	323.90	286.72
Guarantee commission	315.82	119.54
Mahindra Integrated Business Solutions Private Limited		
Legal and other professional charges	6.23	5.23
Tech Mahindra Limited		
Professional Services	9.84	3.71
Mahindra & Mahindra Financial Services Limited		
Lease rent paid	4.70	2.45
Mahindra Defence Systems Limited		
Other services	6.55	-
Bristlecone India Limited		
Professional Services	-	18.00
	1,229.23	1,098.68
Reimbursement of expenses received		
Mahindra & Mahindra Limited	20.81	-
	20.81	-
Transfer-in of past service obligations		
Mahindra & Mahindra Limited	37.92	-
	37.92	-

iii) Details of the transactions with the related parties during the year:

Rs. in lakhs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Unsecured Loan taken		
Mahindra & Mahindra Limited	10,000.00	20,150.00
	10,000.00	20,150.00
Unsecured Loan repaid		
Mahindra & Mahindra Limited	20,150.00	10,100.00
	20,150.00	10,100.00
Interest on Loan (included under Note 25 Finance costs)		
Mahindra & Mahindra Limited	910.52	1,232.80
	910.52	1,232.80
Guarantee given by Mahindra & Mahindra Limited to the Customers of the Company	25,100.00	39,130.78
	25,100.00	39,130.78
Rent received from Mahindra Aerospace Private Limited	2.54	2.42
	2.54	2.42
Equity shares issued		
Mahindra Aerospace Private Limited	11,333.80	-
	11,333.80	-
II. Transactions with key managerial personnel		
Salary and perquisites*		
Mr. Arvind Kumar Mehra	-	3.25
Dr. Karthik Krishnamurthy	121.06	107.75
Mr. T. Subrahmanya Sarma	80.20	74.13
	201.26	185.13
Sale of Asset		
Mr. Arvind Kumar Mehra	0.05	-
	0.05	-

* Compensation of key managerial personnel does not include post employment defined benefit plan and compensated absences as the same has been provided based on the actuarial valuation determined for the Company as a whole.

(iv) Details of balances receivable from and payable to related parties are:

Rs. in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Loan outstanding		
Mahindra & Mahindra Limited	10,000.00	20,150.00
	10,000.00	20,150.00
Guarantee given to customers of the Company		
Mahindra & Mahindra Limited	84,472.95	52,167.20
	84,472.95	52,167.20
Trade payables		
Mahindra & Mahindra Limited	117.19	155.37
Mahindra Integrated Business Solutions Private Limited	0.64	0.51
Tech Mahindra Limited	10.62	-
	128.45	155.88
Interest payable on loan		
Mahindra & Mahindra Limited	46.52	455.85
	46.52	455.85
Security deposit received		
Mahindra Aerospace Private Limited	2.30	2.30
	2.30	2.30

Terms and conditions of transactions with related parties:

The transactions with related parties are done on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except loans) and settlement occurs in cash. Guarantees received from related parties will be revoked upon fulfilment of the contracts for which such guarantees have been provided.

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 30: Financial instruments - Fair values and risk management

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2026, including their levels in the fair value hierarchy.

Particulars	Note	Carrying amount				Fair value				
		FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Investments	7			104.97	-	104.97				
Trade receivables	8	-	-	12,214.87	-	12,214.87	-	-	-	-
Cash and cash equivalents	9	-	-	21.88	-	21.88	-	-	-	-
Other financial assets	10	-	-	158.40	-	158.40	-	-	-	-
		-	-	12,500.12	-	12,500.12	-	-	-	-
Financial liabilities measured at fair value										
Derivatives - MTM loss on foreign currency forward contract	16	2.15	-	-	-	2.15	-	2.15	-	2.15
		2.15	-	-	-	2.15	-	2.15	-	2.15
Financial liabilities not measured at fair value										
Borrowings	14	-	-	-	10,093.54	10,093.54	-	-	-	-
Trade payables	18	-	-	-	4,171.05	4,171.05	-	-	-	-
Other financial liabilities	16	-	-	-	123.51	123.51	-	-	-	-
Lease liabilities	15	-	-	-	18.08	18.08	-	-	-	-
		-	-	-	14,406.18	14,406.18	-	-	-	-

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at March 31, 2025, including their levels in the fair value hierarchy.

Particulars	Note	Carrying amount				Fair value				Rs. In lakhs
		FVTPL	FVOCI	Other financial		Level 1	Level 2	Level 3	Total	
				assets -amortised cost	liabilities					
Financial assets not measured at fair value										
Trade receivables	8	-	-	9,755.84	-	9,755.84	-	-	-	-
Cash and cash equivalents	9	-	-	28.19	-	28.19	-	-	-	-
Other financial assets	10	-	-	79.76	-	79.76	-	-	-	-
		-	-	9,863.79	-	9,863.79	-	-	-	-
Financial liabilities not measured at fair value										
Borrowings	14	-	-	-	20,702.30	20,702.30	-	-	-	-
Trade payables	18	-	-	-	1,151.72	1,151.72	-	-	-	-
Other financial liabilities	16	-	-	-	124.43	124.43	-	-	-	-
Lease liabilities	15	-	-	-	19.27	19.27	-	-	-	-
		-	-	-	21,997.72	21,997.72	-	-	-	-

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The fair value of cash and cash equivalents, trade receivables, loans, investment, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value. Based on this evaluation, the Company records allowance for estimated losses on these receivables. As of March 31, 2026 and March 31, 2025, the carrying value of such receivables, net of allowances approximates the fair value.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at March 31, 2026 and March 31, 2025. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2026 and March 31, 2025.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

b. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Average Interest Rate	Increase/decrease in basis points	Effect on profit before tax
March 31, 2026			
Interest rates increased by 50 bps	7.30%	+50	Increase in interest by Rs. 64.52 lakhs
Interest rates reduced by 50 bps	7.30%	-50	Reduction in interest by Rs. 64.52 lakhs
March 31, 2025			
Interest rates increased by 50 bps	8.06%	+50	Increase in interest by Rs. 81.24 lakhs
Interest rates reduced by 50 bps	8.06%	-50	Reduction in interest by Rs. 81.24 lakhs

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

d. Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Company follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding

Particulars	As at March 31, 2026		As at March 31, 2025		Currency
	In Foreign Currency in lakhs	Rs. In lakhs	In Foreign Currency in lakhs	Rs. In lakhs	
Forward contract (Sell)	42.00	4,041.71	-	-	USD/INR

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date

Particulars	Rs. In lakhs	
	As at March 31, 2026	As at March 31, 2025
Not later than one month	760.46	-
Later than 1 Month but not later than 3 months	954.05	-
Later than 3 Months but not later than 1 Year	2,327.20	-
Total	4,041.71	-

d. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies are not material.

Particulars	Rs. In lakhs			
	31-Mar-26		31-Mar-25	
	Increase /decrease in basis points	Effect on profit before tax	Increase /decrease in basis points	Effect on profit before tax
USD	+50	56.54	+50	54.16
EUR	+50	0.55	+50	0.53
USD	-50	(56.54)	-50	(54.16)
EUR	-50	(0.55)	-50	(0.53)

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in foreign currency, where the functional currency of the entity is other than that foreign currency.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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a. Trade Receivable

Trade Receivables: The credit period on sales ranges between 30 to 120 days. No interest is charged on trade receivables. The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties. Trade receivables disclosed below includes the amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and amounts are still considered recoverable.

The Company has used practical expedient by computing expected credit loss allowance based on provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of reporting period as follows

				Rs. In lakhs
Age of Receivables	Expected Credit loss	Gross carrying amount	Loss Allowance	Credit Impaired
Not Due	0%	11,619.82	-	No
< 90 Days	0%	588.54	-	No
90-180 days due	0%	6.51	-	No
180-270 days due	0%	-	-	No
270-360 days due	0%	-	-	No
> 360 days due	0%	-	-	No
Total		12,214.87	-	

				Rs. In lakhs
Age of Receivables	Expected Credit loss	Gross carrying amount	Loss Allowance	Credit Impaired
Not Due	0%	8,610.48	-	No
< 90 Days	0%	1,128.85	-	No
90-180 days due	0%	16.00	-	No
180-270 days due	0%	0.51	-	No
270-360 days due	0%	-	-	No
> 360 days due	0%	-	-	No
Total		9,755.84	-	

Information about major customers:

Customers contributing 10% or more of Company's revenue (Four customers amounting to Rs 22,654.80 lakhs in 2025-26 and Five customers amounting to Rs 19,232.54 lakhs in 2024-25) constitute 72% and 76% for the current year and previous year respectively. Receivables from these external customers is Rs.9,638.76 lakhs (2025: Rs. 8,349.54 lakhs) representing 79% (2025: 86%) of Company's total receivables as at March 31, 2026. Apart from the aforesaid customers, the Company does not have a significant credit risk exposure to any other single counterparty.

iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments and include contractual interest payments.

Rs. In lakhs						
	On demand	Less than 1 year	1 to 2 Year	2 to 5 year	More than 5 Years	Total
Year ended 31 March 2026						
Borrowings #	47.02	8,260.37	2,665.75	-	-	10,973.14
Trade payables	-	4,171.05	-	-	-	4,171.05
Other financial liabilities	-	123.36	2.30	-	-	125.66
Lease liabilities	-	10.83	6.66	2.22	-	19.71
	47.02	12,565.61	2,674.71	2.22	-	15,289.56
Year ended 31 March 2025						
Borrowings #	96.45	11,110.25	11,376.64	-	-	22,583.34
Trade payables	-	1,151.72	-	-	-	1,151.72
Other financial liabilities	-	124.43	-	-	-	124.43
Lease liabilities	-	6.66	6.66	8.88	-	22.20
	96.45	12,393.06	11,383.30	8.88	-	23,881.69

includes both the interest and principal cashflows

Financial assets carried at amortised cost as at March 31, 2026 is Rs. 12,500.12 lakhs (2025: Rs. 9,820.84 lakhs) carried at amortised cost is in the form of cash and cash equivalents, bank deposits, earmarked balances with banks, security deposits, investments etc. where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 12,214.87 lakhs as at March 31, 2026 forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method (if any).

Basis this assessment, the Management believes Company is not required to provide for doubtful trade receivables as at March 31, 2026.

D Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

	As at March 31, 2026	As at March 31, 2025	% change
Total equity (A)	27,480.77	15,954.29	72.25
Current borrowings	7,784.09	10,453.08	
Non current borrowings	2,309.45	10,249.22	
Current maturities of long-term loans	-	-	
Total borrowings (B)	10,093.54	20,702.30	(51.24)
Total capital (borrowings and equity) (C)	37,574.31	36,656.59	
As percentage of total capital (B/C)	26.86	56.48	
Total loans borrowings as percentage of Total equity (B/A)	36.73	129.76	

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2026 and March 31, 2025.

31. Commitments and contingent liabilities

1. Contingent Liabilities

There are no claims against the company not acknowledged as debt during the year (Refer Note 38)

2 Commitment

a) The estimated amount of contracts remaining to be executed on 'Property Plant and Equipment' and not provided for Rs. 9,714.53 lakhs (2025: Rs. 1,380.36 lakhs)

b) During the year 2011, the Company entered into a lease-cum-sale agreement ('Agreement') for a period of 10 years with KIADB for 20 acres of land allotted in Narasapura Industrial area, Kolar District, Karnataka, for the setting up of aerospace component manufacturing facility. The title of the land will be transferred to the Company during the lease term or at the end of 10 year or extended period, if any, after fulfilling all conditions stipulated in the said Agreement. Till March 31, 2025, the Company had incurred an amount of Rs. 1,127.14 lakhs towards allotment consideration and other related expenses in connection with the said lease-cum-sale agreement and the said amount was disclosed under non-current assets.

During the current year the Company incurred an additional amount of Rs. 17.50 lakhs towards expenses related to transfer of title of the land. Upon transfer of the title of the land in the name of the Company, the total amount incurred of Rs. 1,144.64 lakhs was disclosed under 'Freehold Land' Note 3.

32. Dues to micro and small enterprises

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company. This information has been relied upon by the Auditors. The disclosures relating to Micro and Small Enterprises as at the year ends are as under: -

Rs in Lakhs			
Sr. No.	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A	The principal amount remaining unpaid to supplier as at the end of the year	775.21	62.60
B	The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
C	Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	2,149.83	1,798.97
	- Interest paid in terms of the Section 16 of the Act	13.49	15.22
D	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
E	Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	18.42	19.28
F	The amount of interest accrued during the year and remaining unpaid at the end of the year	12.64	14.09

33. Earnings Per Share:

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

Sr. No.	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a)	Earnings attributable to equity shareholders	159.39	(779.82)
(b)	Weighted average number of equity shares outstanding during the year	52,44,29,407	46,45,00,000
(c)	Basic Earnings per share (Rs. In absolute)	0.03	(0.17)
(d)	Dilutive Earnings per share (Rs. In absolute)	0.03	(0.17)

Weighted average no of shares (basic & diluted)

Sr. No.	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a)	Opening Balance	46,45,00,000	46,45,00,000
(b)	Effect of fresh issue of shares	5,99,29,407	-
(c)	Weighted average no. of shares	52,44,29,407	46,45,00,000

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings/(loss) per share as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Weighted average number of equity shares used in the calculation of Basic EPS	52,44,29,407	46,45,00,000
Add: Effect of potential equity shares	-	-
Weighted average number of equity shares used in the calculation of Diluted EPS	52,44,29,407	46,45,00,000

34. Segment Reporting:

The Company primarily operates in the aerospace segment. The Activities of the Company includes "Sale of aircraft components and sub assemblies".

The Managing Director & CEO of the Company, who has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely aerospace segment. Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Revenue from operations (other than "Other operating revenues")

	Domestic	Overseas	Total
2025-26	958.42	30,315.23	31,273.65
2024-25	709.23	24,509.37	25,218.60

- Domestic & Overseas segments include Component sales, job work services and product development income to customers located
- There are no assets located outside India, other than trade receivables of Rs. 11,945.83 lakhs (2025: Rs. 9,636.57 lakhs)
- Customers contributing 10% or more of Company's revenue (Four customers amounting to Rs. 22,654.80 Lakhs in 2025-26 and Five customers amounting to Rs. 19,232.54 Lakhs in 2024-25)
- All the Other operating revenues are domestic revenues.

Geographic information

Particulars of revenue	For the year ended March 31, 2026	For the year ended March 31, 2025
India	958.42	709.23
All foreign countries		
USA	15,644.72	10,827.65
France	7,112.92	5,239.89
Germany	3,778.83	3,057.86
Sweden	940.43	2,451.36
UK	2,131.25	2,020.28
Other Foreign countries	707.08	912.33
Total	31,273.65	25,218.60

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

35. The Company has profit before tax in current year. The Company expects growth in its operations in coming years and is taking measures to improve its operational efficiency. Based on approved business plans, undrawn borrowing facilities from the banks and cash flow projections, the management of the Company believes that the use of going concern assumption is appropriate in the preparation of these financial statements of the Company. The Company's current assets exceed its current liabilities as at March 31, 2026, in addition to generating cash profit during the year.

Note 36 Income taxes

The Company has carried out its deferred tax computation in accordance with Ind AS 12 'Income Taxes' notified under the Companies (Indian Accounting Standards) Rules, 2015.

Deferred tax

Deferred tax assets/(Liabilities) as at March 31, 2026 are as follows

Particulars	April 1, 2025	To be recognised in Profit and Loss	To be recognised in OCI	March 31, 2026
Difference between book and tax depreciation	(587.91)	(366.81)	-	(954.72)
Provision for employee benefits	51.75	84.37	8.38	136.12
Provision for inventory	61.43	(6.90)	-	54.53
Provision for receivables and other financial assets	313.17	-	-	313.17
Unabsorbed Depreciation	2,785.06	151.54	-	2,936.60
Carry forward losses	1,595.87	(1,458.66)	-	137.21
Others	67.48	(67.48)	-	-

Deferred tax assets/(Liabilities) as at March 31, 2025 are as follows

Particulars	April 1, 2024	To be recognised in Profit and Loss	To be recognised in OCI	March 31, 2025
Difference between book and tax depreciation	(661.86)	73.95	-	(587.91)
Provision for employee benefits	42.95	21.48	(12.68)	51.75
Provision for inventory	43.78	(17.65)	-	61.43
Provision for receivables and other financial assets	323.52	10.35	-	313.17
Unabsorbed Depreciation	3,349.11	564.05	-	2,785.06
Carry forward losses	2,636.22	1,040.35	-	1,595.87
Others	14.74	(52.74)	-	67.48

The Company has carry forward losses under tax laws and accordingly, net deferred tax assets would be recognized only on achieving continued / sustained profitability, when such future taxable income will be available against which such deferred tax assets which can be realized. Since the Company has not yet achieved sustained profitability, as at March 31, 2026 and March 31, 2025, deferred tax assets have not been recognised.

(b) Amount recognised in statement of profit and loss

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current Tax	-	-
Deferred tax	-	-

(c) Reconciliation of effective tax rate:**Rs. In lakhs**

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
Profit / (loss) before tax		159.39		(779.82)
Income tax expense calculated at domestic tax rates applicable to profits	25.17%	40.12	25.17%	(196.27)
Tax effects of:				
Permanent differences		26.24		52.42
Timing differences		497.35		35.93
Carry forward losses		(563.71)		107.92
Change in tax rate		-		(183.82)
Deferred tax asset not recognised in statement of profit and loss		(40.12)		(12.45)
Income tax expense		-		-
Effective tax rate		0.00%		0.00%

(d) Tax losses

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
		Expiry date		Expiry date
Loss from business	545.17	March 31, 2027 to March 31, 2029	6,340.87	March 31, 2026 to March 31, 2029
Unabsorbed depreciation	11,668.01	Carried forward indefinitely	11,065.89	Carried forward indefinitely
Total	12,213.18		17,406.76	
Potential tax benefit	3,073.81		4,380.93	

37. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

38. Other matters

a) In the matter relating to certain pre-owned equipment imported by the Company during 2012-13, Commissioner of Customs passed an order demanding Rs. 2,598.85 lakhs towards duty and penalty along with applicable interest. Against the said order, the Company filed an appeal with CESTAT.

Till March 31, 2024, the Company paid an amount of Rs. 264.17 Lakhs under protest. Out of this, an amount of Rs. 32.03 lakhs was debited to Statement of Profit and Loss during the year ended March 31, 2013 and the balance amount of Rs. 232.14 lakhs was included in Note No. 5 as "Customs deposit".

During the year, CESTAT rejected the appeal partially resulting in a potential exposure of Rs. 1,661.66 lakhs (including penalty and interest). The Company has filed an appeal before the Supreme Court and paid an additional amount of Rs. 275.63 lakhs under protest, taking the total amount paid under protest to Rs. 539.80 lakhs.

In view of the current status of the matter, a provision of Rs.1,629.63 lakhs (2025: NIL) is recorded in the financial statements under 'Rates and taxes' in note 27 and such provision (net of amounts paid under protest of Rs. 507.77 lakhs) is included under "Current liabilities" in note 19.

b) In the matter of certain imports made by the Company during 2012-13 relating to installation of certain equipment, Directorate of Revenue Intelligence issued show-cause notice demanding Rs. 41.36 lakhs along with applicable penalty and interest. The company has submitted reply with Joint Commissioner of Customs and the same is pending adjudication.

Till March 31, 2024, the Company paid an amount of Rs. 45.33 Lakhs under protest and the same was included in Note No. 5 as "Customs deposit".

In the current year, in view of the current status of the case, the company estimated the potential exposure as Rs. 86.69 lakhs (including penalty and interest) and a provision for the same amount is recorded in the financial statements under 'Rates and taxes' in note 27 and such provision (net of amounts paid under protest of Rs. 45.33 lakhs) is included under "Current liabilities" in note 19.

39. Exceptional items

On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Company has considered restructured compensation of its employees with effect from April 1, 2026, and assessed the impact of the changes, consistent with the Labour Codes, draft rules and FAQs. Considering the materiality and regulatory-driven, non-recurring nature of this impact, the Company has presented such Incremental impact as "Statutory Impact of new Labour Codes" under "Exceptional Items" in the statement of profit and loss for the year ended March 31, 2026. The Company continues to monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026
Note 40 - Key Ratios

Ratio	Numerator	Denominator	Current period	Previous period	% Variance	Reason for Variance
Current ratio	25,330.79	16,793.82	1.51	1.49	1%	Variance less than 25%
Debt-Equity ratio	10,093.54	27,480.77	0.37	1.30	-72%	Equity infusion and repayment of borrowings during the current year have resulted in an improved debt-equity ratio.
Debt Service Coverage ratio	3,802.54	1,275.09	2.98	1.86	60%	The favourable movement in the debt service ratio is attributable to higher operating cash flows during the year.
Return on Equity ratio	159.39	21,717.53	0.7%	-4.8%	115%	Due to increase in operating profit
Inventory Turnover ratio	31,273.65	8,237.49	3.80	3.47	9%	Variance less than 25%
Trade Receivables Turnover ratio	31,273.65	10,985.36	2.85	2.72	5%	Variance less than 25%
Trade Payables Turnover ratio	14,259.57	2,661.39	5.36	8.17	-34%	Due to increase in purchases towards the end of the year to meet subsequent year requirements
Net capital turnover ratio	31,273.65	8,536.97	3.66	3.77	-3%	Variance less than 25%
Net profit ratio	159.39	31,273.65	0.5%	-3.1%	116%	Due to increase in operating profit
Return on capital employed	1,434.48	37,574.31	3.8%	1.1%	251%	Due to increase in operating profit
Return on Investment	1,434.48	47,098.23	3.0%	1.0%	206%	Due to increase in operating profit

Ratio	Formula
Current ratio	Current Assets/Current Liabilities
Debt-Equity ratio	Total debt/ Share holders equity
Debt Service Coverage ratio	(Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.)/(Interest+payables)
Return on Equity ratio	(Net Profits after taxes – Preference Dividend)/Average share holder's equity
Inventory Turnover ratio	Sales/Average inventory
Trade Receivables Turnover ratio	Net Credit Sales / Avg trade receivables
Trade Payables Turnover ratio	Net Credit purchases / Avg trade payables
Net capital turnover ratio	Net Sales / working capital
Net profit ratio	Net Profit / Net Sales
Return on capital employed	(Net profit after taxes+finance cost)/(Tangible Net Worth + Total Debt + Deferred Tax liability)
Return on investment	(Net profit after taxes+finance cost)/(Total assets)

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

Note 41 - Impairment

The management assesses the performance of the Company including the future projections and relevant economic and market conditions in which it operates to identify if there is any indicator of impairment / reversal impairment, in the carrying value of the net assets of the Company. For this purpose, entire business operations of the Company is treated as a single Cash Generating Unit (CGU)

In case indicators of impairment exist, the impairment loss is measured by estimating the recoverable amounts based on the higher of (i) 'fair value less cost of disposal' determined using market price information, where available, and (ii) 'value-in-use' estimates determined using discounted cash flow projections, where available.

The recoverable amount of the CGU was estimated based on the present value of the future cash flows expected to be derived from the CGU (value in use), using a post-tax discount rate of 15.04% and a high growth rate of 10.20 % from FY 2036 – FY 2040 and terminal value growth rate of 5% thereafter . The recoverable amount of the CGU was estimated to be higher than its carrying amount and no impairment was required.

The estimate of value in use was determined using a post-tax discount rate of 15.04 % (Pre-tax discount of 20.09%) (2025: Pre-tax discount rate, 2025: 14.62% Pre-tax discount rate 19.54%) and a terminal value growth rate of 10.20 % from FY 2036 – FY 2040 (2025: 14.70% from FY 2035-FY 2039)

Rs. In lakhs		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Provision for diminution in value of net assets	-	-
(Reversal of)/impairment loss	-	-

Rs. In lakhs		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net assets	27,480.77	15,954.29

During the year, the Company reassessed its estimates and no impairment loss or reversal of impairment recognized (2025: Nil)

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Rs. In lakhs		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Discount rate	15.04%	14.62%
High Growth rate	10.20%	14.70%
Terminal value growth rate	5.00%	5.00%
Budgeted Average EBITDA growth rate	20.74%	22.26%

The discount rate was a post-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, with possible debt leveraging of 12% at a market interest rate of 7.25%

The cash flow projections included specific estimates for nine years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make Budgeted EBITDA was estimated taking into account past experience, adjusted as follows

Revenue growth was projected taking into account the average growth levels experienced over the past nine years and the estimated sales volume and price growth for the next nine years. It was assumed that the sales price and sales volume would increase in line with forecast inflation over the next nine years.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately Rs.30,552.00 lakhs (2025:Rs. 54,656.00). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

Rs. In lakhs		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Discount rate	3.34%	13.94%
Budgeted Average EBITDA growth rate	-3.06%	-6.29%

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

42. As the Company has losses in the earlier years provision of corporate social responsibility as per Companies Act, 2013 was not applicable.
43. The Company does not have transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.
44. During the year ended March 31, 2026, no material foreseeable loss (2025: Nil) was incurred for any long-term contract including derivative contracts.
45. The Company has not advanced or loaned or invested funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
46. The Company has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
47. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property
48. The Company has not traded or invested in Crypto currency or virtual currency during the current year.
49. The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond statutory period.
50. There are no Immovable properties (other than properties where the Company is a lessee) whose title deeds are not in the name of the Company.
51. The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets).
52. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

Mahindra Aerostructures Private Limited
Notes to Financial Statements for the year ended March 31, 2026

53. Subsequent events :

There are no subsequent events that have occurred after the reporting period till the date of approval of the financial statements.

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN U35122MH2011PTC212744

Praveen Kumar Jain
Partner
Membership No. 079893

Dr. Karthik Krishnamurthy
Wholetime Director
DIN 07130799

Mr. Arvind Kumar Mehra
Managing Director & CEO
DIN 01039769

Place: Bangalore
Date: April 21, 2026

Mr. T. Subrahmanya Sarma
Chief Financial Officer
PAN: AAWPTS805A
Place: Mumbai
Date: April 21, 2026

Mr. V.S. Ramesh
Company Secretary
Membership No. ACS5769