2022-23
Annual Report of
Subsidiary Companies

THERMAX

# PARTNERING

## TO BUILD AN EQUITABLE AND SUSTAINABLE FUTURE

#ThermaxForABetterTomorrow

# SUBSIDIARIES

## DOMESTIC



## OVERSEAS

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

***Board of Directors***
Ravinder Advani
Pravin Karve
Shekhar Kashalikar
Bhavesh Chheda

***Registered Office***
Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune – 411003

***Auditors***
B. K. Khare & Co.
Chartered Accountants
Demech House, 2nd Floor, 814, B wing, Law College Rd, Pune, Maharashtra 411004

***Corporate Office***
Energy House, D-II Block,
Plot No. 38 & 39
MIDC Chinchwad
Pune - 411 009

***Bankers***
Union Bank of India
ICICI Bank Limited

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors present the Thirty Second Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL SUMMARY / HIGHLIGHTS:**

(Rs. in Lakh)

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Total Income | **835.45** | 967.73 |
| Profit Before tax and Depreciation | **875.03** | 842.35 |
| Depreciation | **0.00** | 0.00 |
| Profit Before Tax | **875.03** | 842.35 |
| Profit After Tax | **921.64** | 789.24 |

**State of Company's affairs**

For the year under review, the Company's total income is Rs. 835 lakh compared to Rs. 967 lakh in the previous year. The Company's profit before tax is Rs. 875 lakh (previous year, Rs. 842 lakh) and profit/ (Loss) after tax of Rs. 922 lakh (previous year Rs. 789 lakh).

The Company does not have any order balance as on March 31, 2023

**Change in nature of business**

There is no change in nature of business during the year under review.

**Material changes affecting financial position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the Company.

**Health and Safety**

Health and Safety at project sites is of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish world class safety practices at sites. Safety culture is inculcated as part of day to day operations by site managers.

**Dividend**

During the year, the Company paid interim dividend of Rs. 12.50/- (125%) per equity share of face value Rs. 10/- each and Rs. 3.25 (i.e. 32.50%) per equity share of face value Rs.10/- each.

**Amount proposed to be carried to Reserves**

The Company does not propose to carry any amount to reserves.

**Share Capital**

The Paid-up Share Capital of the Company is Rs. 450 lakhs. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

**Subsidiaries**

Thermax Engineering Construction FZE (TEC FZE) Nigeria, a wholly owned subsidiary of the Company is primarily catering to the Erection & Commissioning and supervision of HRSG, Utility boilers, Flue gas coolers and Construction & commissioning of Hot Oil heater supplied to Dangote Petroleum Refinery and Petrochemical Free Zone Enterprise and Dangote Oil Refinery Co. Ltd., Lagos Nigeria. For the year ended March 31, 2023, TEC FZE has recorded operational revenue of Mn USD 1.02 with operating profit of Mn USD 0.06.

Annual accounts of the subsidiary company and related detailed information are available to the shareholders of the holding and subsidiary company as well as to the statutory authorities. On request, these documents will be made available for inspection at the Company's Corporate Office.

**Deposits**

During the financial year 2022-23, the Company has not accepted any deposits under Chapter V of the Companies Act, 2013.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not give any loan or make an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

Please refer notes to financial statements for disclosures under Section 186 of the Companies Act, 2013.

**Restriction on purchase by Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company or Directors for purchase or subscribe shares of the Company.

**Business Risk Management**

In order to reduce impact of business risks of the Company, the management has identified key risks affecting the business adversely. The key risks identified are as under:

- Delay in execution due to default of contractors.
- Delay in execution due to unforeseen site conditions including natural calamities.
- Delay in recovery of retention amounts from customers.
- Cost overrun due to delays as well as unforeseen site related factors such as access, approach roads, soil condition etc.

The Company has put in place several mitigation measures such as:

- Vendor evaluation and analysis prior to awarding the contract.
- Site visit prior to making a quotation.
- Frequent review of retention obligations.

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Ravinder Adavani (DIN: 01677195), retires by rotation, and being eligible, offers himself for re-appointment as Director.

The Members of the Company at their 31st Annual General Meeting held on September 13, 2022 approved the appointment of Mr. Shekhar Kashalikar (DIN 09688441). Further, the Board of Directors at their meeting held on November 03, 2022 appointed Mr. Bhavesh Chheda (DIN: 08558510) as an Additional Director of your Company. Mr. Bhavesh Chheda (DIN: 08558510) holds office as an Additional Director up to the date of the ensuing Annual General Meeting and subject to the approval of Members at the 32nd Annual General Meeting, it is proposed to appoint Mr. Bhavesh Chheda as Director of the Company, liable to retire by rotation.

Further, Mr. Rajendran Arunachalam (DIN: 08446343), Director resigned from the Board of your company effective November 3, 2022.

**Board Meetings**

The Board met six times during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Attendance details of the Board are as follows:

| Name | Board Meetings | | | | | |
|---|---|---|---|---|---|---|
| | May 17, 2022 | July 28, 2022 | September 22, 2022 | November 3, 2022 | February 2, 2023 | March 23, 2023 |
| Mr. Rajendran Arunachalam | P | P | P | P | NA | NA |
| Mr. Pravin Karve | P | P | P | P | P | P |
| Mr. Ravinder Advani | P | P | A | P | P | A |
| Mr. Bhavesh Chheda | NA | NA | NA | NA | P | P |
| Mr. Shekhar Kashalikar | NA | NA | P | P | P | P |

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have 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 and of the profit and loss of the Company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) as may be amended from time to time.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Corporate Social Responsibility**

In compliance with Section 135 of the Companies Act, 2013 and as part of its initiatives under CSR, the Company has contributed Rs. 10.63 lakh to Thermax Foundation. A Report on CSR activities is annexed as "Annexure 1".

**Related Party Transactions**

All Related Party Transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in Form AOC-2 are not attracted.

During the year, RPTs were placed before the Board for its review. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

**Financial Statements**

The financial statements for the year ended March 31, 2023, have been prepared as per Schedule III to the Companies Act, 2013, as amended from time to time.

**Conservation of Energy**

The Company's Head Office is in Energy House in Chinchwad, owned by the holding company which undertakes various measures to conserve energy. At sites, the Company uses energy saving bulbs for lighting of stores & site offices and the construction power through grid is sought from the customer, wherever practically possible instead of deploying costly and polluting DG sets for power generation.

**Technological Absorption**

There was no technology acquisition and absorption during the year under review.

**Foreign Exchange Earnings and Outgo**

The net foreign exchange earnings during the year is Rs. 956 lakhs (Rs. 682 lakhs Dividend received from TEC FZE, Rs. 274 lakhs reimbursement of employee salary).

**Particulars of Employees**

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to provide a safe and conducive work environment to its employees. There is a duly constituted Internal Committee and there were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

Details of difference between the amounts of valuation at the time of one time settlement and the valuation done at the time of taking a loan from the banks or financial institutions along with the reasons thereof

During the year there under review, there is no instance of onetime settlement with any Bank or Financial Institution.

**Auditors**

The Board of Directors at its meeting held on May 11, 2023 has recommended appointment of B. K. Khare & Co. as the Statutory Auditors of the Company for term of one year from the conclusion of Thirty Second Annual General Meeting until the conclusion of the Thirty Third Annual General Meeting for the approval of the shareholders of the Company.

The auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

**Cost Records Applicability**

The provisions relating to maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 were not applicable on the Company during the financial year.

**Acknowledgments**

The Board of Directors takes this opportunity to thank its customers, bankers, employees and all other stakeholders for their persistent support to the Company. The Directors look forward to their continued co-operation in the future as well.

**For and on behalf of the Board of Directors of**

**Thermax Engineering Construction Company Limited**

| | | |
|---|---|---|
| | **Pravin Karve** | **Bhavesh Chheda** |
| Pune | Director | Director |
| May 11, 2023 | DIN: 06714708 | DIN: 08558510 |

**Annexure 2**

**Corporate Social Responsibility Activities of the Company during the Financial Year 2022-23:**

1. **Brief Outline on CSR Policy of the Company:**

The Company has decided to adopt the CSR Policy of the holding company which predominantly keeps focus in the area of education of economically under privileged children.

Apart from education, the holding company is also involved, in a small way, in addressing the issue of social discrimination, through affirmative action, skill development and employability initiatives.

The holding company has created a formal structure to design and implement its CSR Programme and the Company has decided to support the initiative of the holding company.

The details of CSR policy and activities of the Company are hosted on the website of the Company on www.thermaxglobal.com

2. Composition of CSR Committee: **NA**

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.

   The details of Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company on **NA**

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. **NA**

5. Details of Net Profit and CSR Obligation for the Financial Year 2022-23:

Rs. Lakhs

| | |
|---|---|
| (a) Average net profit of the company as per sub-section (5) of section 135. | 531.40 |
| (b) Two percent of average net profit of the company as per sub-section (5) of section 135. | 10.63 |
| (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. | NIL |
| (d) Amount required to be set-off for the financial year, if any. | NIL |
| (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. | 10.63 |

6. Details of amount spent on CSR Obligations:

Rs. Lakhs

| | |
|---|---|
| (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). | 10.63 |
| (b) Amount spent in Administrative Overheads. | NIL |
| (c) Amount spent on Impact Assessment, if applicable. | NA |
| (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. | 10.63 |

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

| **Total Amount spent for the Financial Year 2022-23 (in Rs.)** | **Amount Unspent (in Rs.)** | | | | |
|---|---|---|---|---|---|
| | **Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135.** | | **Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.** | | |
| | **Amount** | **Date of Transfer** | **Name of the Fund** | **Amount** | **Date of Transfer** |
| **10.63** | -- | -- | -- | -- | -- |

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

Rs. Lakhs

| Sl. No. | Particulars | Amount (in Rs.) |
|---|---|---|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | 10.63 |
| (ii) | Total amount spent for the Financial Year | 10.63 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NIL |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | NIL |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| 1 | 2 | 3 | 4 | 5 | 6 | | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Preceeding Financial year(s) | Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in Rs) | Deficiency, if any |
| | | | | | Amount (in Rs.) | Date of Transfer | | |
| 1 | FY-1 | -- | -- | | -- | -- | -- | -- |
| 2 | FY-2 | -- | -- | | -- | -- | -- | -- |
| 3 | FY-3 | -- | -- | | -- | -- | -- | -- |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **NO**

If yes, enter the number of Capital assets created/ acquired: **NA**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **NA**

| Sl. No. | Short particulars of the property or | Pincode of the property or asset(s) | Date of Creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | | |
| | | | | | CSR Registration Number, if applicable | Name | Registered Address |
| -- | -- | -- | -- | -- | -- | -- | -- |

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: **NA**

**For and on behalf of the Board of Directors of**
**Thermax Engineering Construction Company Limited**

**Pravin Karve**
Director
DIN: 06714708

**Bhavesh Chheda**
Director
DIN: 08558510

Place: Pune,
Date: May 11, 2023

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Thermax Engineering Construction Company Limited

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of **Thermax Engineering Construction Company Limited ("the Company"),** which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Information other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

**Responsibilities of management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents 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.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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 controls 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. 1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, 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 Accounting Standards specified under Section 133 of the Act.

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

   (f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.

   (g) Based on the records examined by us and according to information and explanations given to us, the Company has not paid/provided for managerial remuneration. Hence, the provisions of Section 197 of the Act related to managerial remuneration are not applicable.

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

      (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 24 to the Financial Statements;

      (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

      (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The management has represented that, to the best of its knowledge and belief, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clauses (a) and (b) contain any material misstatement;

      (v) The dividend declared and paid during the year by the Company is in compliance with section 123 of the Act.

      (vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 relating to audit trail feature of the Company's accounting software is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under Clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the current year.

**For B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

**Amit Mahadik**
Partner
Membership No. 125657
UDIN: 23125657BGYTOT6609
Place: Pune
Date: May 11, 2023

**Annexure A to the Independent Auditors' Report**

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

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Thermax Engineering Construction Company Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

**Amit Mahadik**
Partner
Membership No. 125657
UDIN: 23125657BGYTOT6609
Place: Pune

Date: May 11, 2023

**Annexure B to the Independent Auditors' Report**

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

(i) (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company does not have intangible assets on the reporting date. Thus, reporting under clause 3(i)(a)(B) of the order is not applicable to the Company.

(b) The Company did not verify property, plant and equipment during the year but a regular program for physical verification of its property, plant and equipment is there which in our opinion is reasonable having regard to the size of the Company and nature of its property, plant and equipment.

(c) According to the information and explanations given to us, the Company does not have any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee).

(d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment during the year.

(e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company is in the business of rendering services and consequently, does not hold any inventory. Accordingly, the reporting under Clause 3(ii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not 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 at any point of time during the year.

(iii) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of outstanding statutory dues in respect of Goods and Services Tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year 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 records of the Company, there are no statutory dues in respect of Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Cess and any other material statutory dues as at March 31, 2023, which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us and records of the Company examined by us, the particulars of dues of Income Tax, Value Added Tax, Goods and Services Tax and Profession Tax which have not been deposited as on March 31, 2023 on account of disputes are as under:

| Name of the Statute | Nature of the dues (Including Interest and Penalty as applicable) | Amount (In Rs. Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Chhattisgarh Value Added Tax, 2005 | Demand for Value Added Tax | 1.20 | FY 2012-13 | Assessing Officer |
| Service Tax (Finance Act, 1994) | Dispute on demand for service tax on deemed material | 586.96 (Net of Rs. 110.36 paid under protest) | FY 2008-09 to FY 2016-17 | Custom, Excise and Service Tax Appellate Tribunal |
| Service Tax (Finance Act, 1994) | Dispute regarding adjustment of excess service tax paid against tax liability in subsequent period | 45.49 | FY 10-11 | Custom, Excise and Service Tax Appellate Tribunal |
| Service Tax (Finance Act, 1994) | Dispute regarding Service Tax on Notice Period Recovery | 6.16 | FY 2012 to 2017 | Custom, Excise and Service Tax Appellate Tribunal |

(viii) According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not availed any loans or other borrowings during the year. Accordingly, the reporting under Clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.

(c) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not availed any term loans during the year. Accordingly, the reporting under Clause 3(ix)(c) of the Order is not applicable to the Company.

(d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long- term purposes as at the Balance Sheet date.

(e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by the management.

(b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

(c) We have taken into consideration a whistle blower complaint received by the Company during the year and shared with us for reporting under this clause.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

(xiv) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the act. Accordingly, reporting under clause 3(xiv) is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company and subsidiary companies or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations given to us, we report that the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has one Core Investment Company.

(xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.

(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, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) According to the information and explanations given to us, in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.

(b) According to the information and explanations given to us, there are no ongoing projects relating to corporate social responsibility. Accordingly, the reporting under Clause 3(xx)(b) of the Order is not applicable to the Company.

**For B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

**Amit Mahadik**
Partner
Membership No. 125657
UDIN: 23125657BGYTOT6609
Place: Pune
Date: May 11, 2023

# THERMAX ENGINEERING CONSTRUCTION COMPANY LIMITED

## BALANCE SHEET as at March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **I. Non-current assets** | | | |
| Property, plant and equipment | 3 | - | - |
| Investment in subsidiary | 11 | 0.76 | 0.76 |
| Financial assets | | | |
| Other financial assets | 6 (a) | - | 3.44 |
| Income-tax assets (net) | | 82.36 | 43.09 |
| Other non-current assets | 8 (a) | 755.66 | 768.68 |
| **Total non-current assets** | | **838.78** | **815.97** |
| **II. Current assets** | | | |
| Inventories | | - | - |
| Financial assets | | | |
| (a) Trade receivables | 4 | 87.13 | 360.65 |
| (b) Cash and cash equivalents | 9 (a) | 86.96 | 280.63 |
| (c) Bank balances other than (b) above | 9 (b) | 479.69 | 149.77 |
| (d) Loans | 5 | - | 1.92 |
| (e) Other financial assets | 6 (b) | - | 10.38 |
| Other current assets | 8 (b) | 25.53 | 43.04 |
| **Total current assets** | | **679.31** | **846.39** |
| **Total assets** | | **1,518.09** | **1,662.36** |
| **Equity and liabilities** | | | |
| **I. Equity** | | | |
| Equity share capital | 10A | 450.00 | 450.00 |
| Other equity | 10B | 986.28 | 781.83 |
| **Total equity** | | **1,436.28** | **1,231.83** |
| **II. Current liabilities** | | | |
| Financial liabilities | | | |
| (a) Trade payables | | | |
| - total outstanding dues of micro enterprises and small enterprises | 12 | 1.60 | 2.33 |
| - total outstanding dues of creditors other than micro enterprises | 12 | 39.26 | 193.89 |
| (b) Other financial liabilities | 13 | 17.94 | 27.77 |
| Other current liabilities | 15 | 18.34 | 77.86 |
| Provisions | 14 | 4.67 | 75.57 |
| Income tax liabilities (net) | | - | 53.11 |
| **Total current liabilities** | | **81.81** | **430.53** |
| **Total equity and liabilities** | | **1,518.09** | **1,662.36** |
| Summary of significant accounting policies, judgements, estimates and assumptions | 2 | | |

The accompanying notes are an integral part of the financial statements.

**For B. K. Khare and Company**
Chartered Accountants
ICAI Firm Reg No. 105102W

**For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited**

**Amit Mahadik**
Partner
Membership No: 125657

**Ravinder Advani**
Director
DIN: 01677195

**Bhavesh Chheda**
Director
DIN: 08558510

Date: May, 11 2023
Place: Pune

Date: May, 11 2023
Place: Pune

## Statement of profit and loss for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 16 | 20.11 | 260.08 |
| Other income | 17 | 815.34 | 707.65 |
| **Total Income** | | **835.45** | **967.73** |
| **Expenses** | | | |
| Employee benefits expense | 18 | 7.97 | (0.19) |
| Finance cost | 19 | - | - |
| Depreciation expense | 20 | - | - |
| Other expenses | 21 | (47.55) | 125.57 |
| **Total expenses** | | **(39.58)** | **125.38** |
| **Profit before tax** | | **875.03** | **842.35** |
| **Tax expense** | | | |
| Current tax | 7 (a) | - | 53.11 |
| Tax for earlier years | 7 (a) | (46.61) | - |
| Deferred tax | 7 (b) | - | - |
| **Total tax expense** | | **(46.61)** | **53.11** |
| **Profit/(Loss) for the year** | | **921.64** | **789.24** |
| **Other comprehensive income** | | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of defined benefit plans | | (8.44) | (22.74) |
| Less: Income tax effect | 7 (a) | - | - |
| | | (8.44) | (22.74) |
| **"Net other comprehensive income for the year, net of tax."** | | **(8.44)** | **(22.74)** |
| **Total comprehensive income for the year** | | **913.20** | **766.50** |
| "Earning per equity share [Nominal value per share Rs. 10/- (March 31, 2022: 10/-)] Basic and Diluted" | 23 | **20.48** | **17.54** |
| Summary of significant accounting policies, judgements, estimates and assumptions | 2 | | |

The accompanying notes are an integral part of the financial statements.

**For B. K. Khare and Company**
Chartered Accountants
ICAI Firm Reg No. 105102W

**For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited**

**Amit Mahadik**
Partner
Membership No: 125657

**Ravinder Advani**
Director
DIN: 01677195

**Bhavesh Chheda**
Director
DIN: 08558510

Date: May, 11 2023
Place: Pune

Date: May, 11 2023
Place: Pune

## Cash flow statement for the year ended March 31, 2023
*(All amounts are in Rupees Lakhs , except stated otherwise)*

| | Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| A) | **Cash flows from operating activities** | | | |
| | Profit before tax | | 875.03 | 842.35 |
| | **Adjustments to reconcile profit before tax to net cash flows** | | | |
| | Provision for impairment allowance of financial assets (net) | 21 | (413.97) | 57.84 |
| | Bad debts written off | 21 | 304.54 | - |
| | Profit on sale/discard of assets (net) | 17 | (6.95) | - |
| | Interest income | 17 | (19.47) | (15.64) |
| | Dividend from subsidiary | 17 | (681.82) | (661.50) |
| | Liabilities no longer required written back | 17 | (92.19) | (13.00) |
| | **Working capital adjustments** | | | |
| | (Increase)/ Decrease in Trade receivables | | 382.95 | 215.67 |
| | (Increase)/ Decrease in Loans and Other financial assets | | 15.74 | 41.56 |
| | (Increase)/ Decrease in Other assets | | 30.53 | 22.96 |
| | Increase /(Decrease) in Trade payables | | (63.17) | (31.76) |
| | Increase / (Decrease) in Provisions | | (79.34) | (30.77) |
| | Increase /(Decrease) in Other financial liabilities | | (9.83) | 2.29 |
| | Increase /(Decrease) in Other liabilities | | (59.52) | (114.08) |
| | **Cash generated from / (used in) operations** | | **182.53** | **315.92** |
| | Direct taxes paid (net of refunds received) | | (45.77) | 226.27 |
| | **Net cash inflow from operating activities** | | **136.76** | **542.19** |
| B) | **Cash flows from investing activities** | | | |
| | Sale of property, plant and equipment | | 6.95 | - |
| | Investment in Fixed Deposit | | (329.92) | (48.90) |
| | Dividend from subsidiary | | 681.82 | 661.50 |
| | Interest received | | 19.47 | 15.64 |
| | **Net cash flows from investing activities** | | **378.32** | **628.24** |
| C) | **Cash flows from financing activities** | | | |
| | Interim dividends paid | | (708.75) | (1,390.00) |
| | **Net cash flows (used in) financing activities** | | **(708.75)** | **(1,390.00)** |
| | **Net increase / (decrease) in cash and cash equivalents** | | **(193.67)** | **(219.57)** |
| | Cash and cash equivalents at the beginning of the year | 9 (a) | 280.63 | 500.20 |
| | **Cash and cash equivalents at the end of the year** | | **86.96** | **280.63** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| Particulars | Note No. | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Cash and cash equivalents | 9 (a) | 86.96 | 280.63 |
| **Balances as per Cash flow statement** | | **86.96** | **280.63** |

**For B. K. Khare and Company**
Chartered Accountants
ICAI Firm Reg No.105102W

**For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited**

**Amit Mahadik**
Partner
Membership No: 125657

**Ravinder Advani**
Director
DIN: 01677195

**Bhavesh Chheda**
Director
DIN: 08558510

Date: May, 11 2023
Place: Pune

Date: May, 11 2023
Place: Pune

## Statement of Changes in equity for the year ended March 31, 2023
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### A Equity Share Capital#

| Particulars | Note No. | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the year | 10A | 450.00 | 450.00 |
| Changes in equity shares capital during the year | 10A | - | - |
| **Balance at the end of the year** | **10A** | **450.00** | **450.00** |

### B Other Equity#

| Particulars | Reserves & Surplus | | |
|---|---|---|---|
| | General reserve | Retained Earnings | Total |
| **As at April 1, 2021** | **525.21** | **880.12** | **1,405.33** |
| Profit for the year | - | 789.24 | 789.24 |
| Other Comprehensive Income | - | (22.74) | (22.74) |
| Total comprehensive income | - | 766.50 | 766.50 |
| Dividends paid (Inclusive of dividend distribution tax) | - | (1,390.00) | (1,390.00) |
| **As at March 31, 2022** | **525.21** | **256.62** | **781.83** |
| Profit for the year | - | 921.63 | 921.63 |
| Other Comprehensive Income | - | (8.44) | (8.44) |
| Total comprehensive income | - | 913.19 | 913.19 |
| Interim dividends paid | - | (708.75) | (708.75) |
| **As at March 31, 2023** | **525.21** | **461.06** | **986.27** |

# There are no adjustments on account of prior period errors or due to changes in accounting polices.

**For B. K. Khare and Company**
Chartered Accountants
ICAI Firm Reg No.105102W

**For and on behalf of the Board of Directors of Thermax Engineering Construction Company Limited**

**Amit Mahadik**
Partner
Membership No: 125657

**Ravinder Advani**
Director
DIN: 01677195

**Bhavesh Chheda**
Director
DIN: 08558510

Date: May, 11 2023
Place: Pune

Date: May, 11 2023
Place: Pune

**1. Corporate information**

Thermax Engineering Construction Company Limited (the "Company") is a public company domiciled in India. It is a wholly owned subsidiary of Thermax Limited. The Company is engaged in erection and commissioning of boilers supplied by its parent company Thermax Limited and also by other suppliers. The Corporate Identification Number (CIN) of the Company is U29246MH1991PLC062959.

The address of the registered office is Thermax House, 14, Mumbai – Pune Highway, Wakdewadi, Pune, 411001. The Board of Directors have authorized to issue by these separate financial statements on May 11, 2023.

**2. Significant accounting policies**

**2.1. Basis of preparation and measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**(b) Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit plans whereby the plan assets are measured at fair value

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs except when otherwise indicated.

**2.2. Changes in accounting policies and disclosures**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. There is no material impact on financial statements of the Company.

Several other amendments and interpretations apply for the first time in the year ended March 31, 2023, but do not have a material impact on financial statements of the Company and hence not included in the accounting policies.

**2.3 Summary of significant accounting policies**

**a. Current and non-current classification**

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**b. Foreign currencies**

The Company's financial statements are prepared in INR, which is the also functional currency of the Company.

**Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

**c. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2)
- Quantitative disclosures of fair value measurement hierarchy (note 27)
- Financial instruments (including those carried at amortized cost) (note 27)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**d. Property, Plant and Equipment**

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalized. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment * | 1 to 10 | 9 to 15 |
| Office equipment | 1 to 3 | 5 |
| Computers | 2 to 3 | 3 |
| Vehicles | 3 to 6 | 8 |

* Includes site infrastructure which is fully depreciated.

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis

**e. Intangible assets**

Intangible assets are stated at acquisition cost, net of accumulated amortization.

**f. Revenue recognition**

***Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

The Company has following streams of revenue:

**i. Revenue from Engineering, Procurement and Construction contracts**

**Engineering, Procurement and Construction contracts** are contracts (or a group of contracts secured together) specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company may promise to provide distinct goods or services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process as evidenced either by contractual termination clauses or by the rights of the Company to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

The Company estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

**ii. Revenue from Sale of goods**

If the criteria for revenue under over-a-period of time as mentioned above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred. The Company provides for warranty provision for general repairs up to 18 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

**iii. Revenue from Sale of services**

Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized as the related services are performed on a time proportion basis under the contracts.

**Contract balances**

**Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer accounting policies on financial instruments in note g below.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances

***Interest Income***

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

***Dividend Income***

Revenue is recognized when the Company's right to receive the payment is established by the reporting date.

**g. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories:

**Debt instruments**

Debt instruments at amortised cost: The debt instrument is at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. The

EIR amortisation is included in other income in the Statement of Profit and Loss. This category generally applies to loans and trade and other receivables.

Debt instruments fair value through OCI (FVOCI): A debt instrument is classified as FVOCI if the financial asset 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. The Company has not classified any financial assets under this category.

Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVOCI are classified as FVTPL. The Company has classified any debt under this category.

**De- recognition**

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full to a third party under a pass through arrangement and either

a) The Company has transferred substantially all risks and rewards of the asset or

b) Has transferred control of the asset.

***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balances

(b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables which includes current contract receivables and retention money receivables in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that is possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss. This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured at amortized cost - contract assets:** ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

**Impairment of financial assets**

Credit Risk exposure: -

The Company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates.

Expected Credit Loss: -

While calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect.

**Financial liabilities**

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft and derivative financial instruments.
Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

**h. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**i. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares or stock options are recognized as a deduction from equity, net of any related income tax effects.

**j. Income tax**

**Current income-tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

***Indirect taxes paid on acquisition of assets or on incurring expenses***

Expenses and assets are recognized net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**k. Borrowing costs**

Borrowing costs include interest and amortization of ancillary costs in connection with the arrangement of borrowings. Borrowing costs attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**l. Leases**

***Company as a lessee***

Company lease asset classes primarily consist of leases for land, buildings and office equipment's. The Company assesses whether a contract contains a lease, at in caption of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at value of the future lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**m. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent period, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in priors. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**n. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

***Provision for onerous contracts***

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

**o. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and

- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Liability on account of the Company's obligation under the employees' superannuation fund, a defined contribution plan, is charged to the statement of profit and loss on the basis of the plan's liability to contribute.

Liability on account of the Company's obligation under the employee's leave travel assistance is charged to the Statement of profit and loss at the undiscounted amount of such liability.

Liabilities on account of the Company's obligations under statutory regulations, agreement with trade unions and employees' short-term incentive plan, as applicable, are charged to the Statement of profit and loss at the undiscounted amount of each liability.

**p. Segment Reporting**

*Identification of segments*

The entire operation is governed by the same set of risk and returns and hence considered as representing a single primary segment and not analysed separately. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

*Segment accounting policies*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**q. Contingent liability**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**r. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees). The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

**s. Dividends**

Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognized as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods..

**3.1 Judgements**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i) Revenue from contracts with customers**

A significant portion of the Company's business relates to construction of assets which are accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires Management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally. The input method requires Management to make significant judgments of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

**ii) Contingencies relating to tax and legal matters**

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable losses including the estimate of legal expense to resolve such matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

**iii) Segment reporting**

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Chief Executive Officer to assess performance and allocate resources. The Company is operating in a single business segment, viz Energy.

**3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Constructions contracts:**

- **Provisions for liquidated damages claims (LDs):** The Company provides for LD claims to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to recognize.

- **Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, unbilled revenue and estimated earnings and accrued contract expenses.

- **Recognition of contract variations:** The Company recognizes revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence

- **Provision for onerous contract:** The Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. Refer note 14 for details of provision for onerous contracts.

**ii. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset of cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flow are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested are recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used..

**iii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 25.

**iv. Termination benefits:**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**v. Fair value measurement of unquoted financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 27 for further disclosures.

**vi. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

*(All amounts in Rupees lakh, unless otherwise stated)*

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norm as the performance guarantee tests require certain time period after the supplies are completed. Refer note 6(a) for details of impairment allowance recognized at the reporting date.

**vii. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer Note 7(b)for details of deferred taxes.

**3.3 Standards issued but not effective:**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

(i) Ind AS 1 Presentation of financial statements : The amendment specifies that an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The Company is in process of evaluating this amendment.

**3 Property, Plant and Equipment**

| Particulars | Plant and equipment | Office equipment | Computer | Vehicles | Total |
|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | |
| **As at April 01, 2021** | **183.55** | **7.50** | **24.29** | **45.38** | **260.72** |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| **As at March 31, 2022** | **183.55** | **7.50** | **24.29** | **45.38** | **260.72** |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| **As at March 31, 2023** | **183.55** | **7.50** | **24.29** | **45.38** | **260.72** |
| **Accumulated depreciation** | | | | | |
| **As at April 01, 2021** | **183.55** | **7.50** | **24.29** | **45.38** | **260.72** |
| Charge for the year | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| **As at March 31, 2022** | **183.55** | **7.50** | **24.29** | **45.38** | **260.72** |
| Charge for the year | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| **As at March 31, 2023** | **183.55** | **7.50** | **24.29** | **45.38** | **260.72** |
| **Net book value** | | | | | |
| **As at March 31, 2022** | **-** | **-** | **-** | **-** | **-** |
| **As at March 31, 2023** | **-** | **-** | **-** | **-** | **-** |

**4 Trade receivables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortised cost** | | |
| Receivables from related parties (refer note 26) | 27.19 | 113.22 |
| Others | 196.72 | 798.18 |
| **Total receivables** | **223.91** | **911.40** |
| | | |
| **Break-up of security details** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 223.91 | 729.47 |
| Trade receivables which have a significant increase in credit risk | - | 166.77 |
| Trade receivables - credit impaired | - | 15.16 |
| | 223.91 | 911.40 |
| Less: Impairment allowance* | (136.78) | (550.75) |
| **Total** | **87.13** | **360.65** |

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. None of the trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

*Includes provision amounting to Rs.Nil (March 31, 2022 : Rs. 166.77) for Trade receivables which have a significant increase in credit risk.

For terms and conditions relating to related party receivables, refer note 26.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**The aging of current trade receivables which are due for receipt :**

| | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Trade receivables as at March 31, 2023** | | | | | | | |
| (i) Undisputed - considered good | 22.37 | 5.61 | 35.23 | 5.96 | - | 154.75 | **223.91** |
| (ii) Undisputed - which have significant increase in credit risk | - | - | - | - | - | - | **-** |
| (iii) Undisputed - credit impaired | - | - | - | - | - | - | **-** |
| (iv) Disputed - considered good | - | - | - | - | - | - | **-** |
| (v) Disputed - which have significant increase in credit risk | - | - | - | - | - | - | **-** |
| (vi) Disputed - credit impaired | - | - | - | - | - | - | **-** |
| Less: Impairement Allowance | - | - | - | - | - | - | **136.78** |
| **Total** | **22.37** | **5.61** | **35.23** | **5.96** | **-** | **154.75** | **87.13** |

| | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Trade receivables as at March 31, 2022** | | | | | | | |
| (i) Undisputed - considered good | 106.98 | 34.98 | 48.37 | 57.02 | 125.98 | 356.14 | **729.47** |
| (ii) Undisputed - which have significant increase in credit risk | 56.23 | - | - | - | - | 110.54 | **166.77** |
| (iii) Undisputed - credit impaired | - | - | - | - | - | 15.16 | **15.16** |
| (iv) Disputed - considered good | - | - | - | - | - | - | **-** |
| (v) Disputed - which have significant increase in credit risk | - | - | - | - | - | - | **-** |
| (vi) Disputed - credit impaired | - | - | - | - | - | - | **-** |
| Less: Impairement Allowance | - | - | - | - | - | - | **550.75** |
| **Total** | **163.21** | **34.98** | **48.37** | **57.02** | **125.98** | **481.84** | **911.40** |

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

**4(a)** The following table summarises the change in provision for impairment allowance measured using the life time expected credit loss model:

| | Provision for trade receivables | |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 |
| At the beginning of the year | 550.75 | 492.90 |
| Provision made during the year | - | 57.85 |
| Utilized/reversed during the year | 413.97 | - |
| **At the end of the year** | **136.78** | **550.75** |

**5 Current loans**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortised cost** | | |
| **Unsecured, considered good** | | |
| Security deposits* | - | 1.92 |
| **Total** | **-** | **1.92** |

Loans are various kinds of non-derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by the changes in the credit risk of the counterparties.

No loans are due from directors or other officers of the company either severally or jointly with any other person or from private companies or firms in which any director is a partner, a director or a member respectively.

* Includes deposits given to various parties for rent, utilities, etc.

**6 Other financial assets**

**(a) Other non current financial assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortised cost** | | |
| Bank deposits with maturity of more than 12 months^^ | - | 3.44 |
| **Total** | **-** | **3.44** |

^^Above bank deposits are pledged as margin money.

**(b) Other current financial assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unbilled revenue (refer note 16) | - | 10.38 |
| **Total** | **-** | **10.38** |

**7 (a) Income Taxes**

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

**Statement of profit and loss**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Current income tax charge** | | |
| Current income tax | - | 53.11 |
| Adjustments in respect of current income tax of previous year | (46.61) | - |
| **Deferred tax** | | |
| Relating to origination and reversal of temporary differences | - | - |
| **Income tax expense reported in the Statement of profit and loss** | **(46.61)** | **53.11** |

**Other comprehensive income**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax related to items recognised in OCI during the year | - | - |
| Net gain or loss on remeasurements of defined benefit plans | - | - |
| **Income tax charged/(credited) to OCI** | **-** | **-** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accounting profit before tax | 875.03 | 842.35 |
| At India's statutory income tax rate of 25.17% (March 31, 2022 : 25.17%) | 220.23 | 212.01 |
| Effects of non-deductible business expenses | (109.55) | 14.56 |
| Permanent disallowance | 62.80 | - |
| Dividend Income | (171.59) | (166.49) |
| Donation | 2.68 | 1.58 |
| Adjustments in respect of current income tax of previous year | - | 3.32 |
| Tax for earlier years | (46.61) | - |
| Other differences - Difference between book base and tax base for various items | (4.56) | (11.87) |
| At the effective tax rate of -5.33% (March 31, 2022: 6.34%) | (46.61) | 53.11 |
| **Income tax expense reported in the statement of profit or loss** | **(46.61)** | **53.11** |

**7 (b) Deferred tax**

**Statement of profit & loss/ other comprehensive income**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Derecognition of deferred tax assets in absence of future taxable profits | - | - |
| **Deferred tax expense/ (income)** | **-** | **-** |

Details of deferred tax assets which has not been recognised in book of accounts :

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax asset on** | | |
| Statutory dues deductible on payment under section 43B of Income-tax Act, 1961 | 6.03 | (1.83) |
| Provision for doubtful debts, liquidated damages and other provisions | 34.43 | 138.62 |
| Difference in written down values of PPE | 33.19 | 37.75 |
| Others (Includes provision of onerous contract and sales tax) | - | 30.54 |
| Brought forward losses | 63.48 | - |
| **Total** | **137.13** | **205.08** |

As per Ind As 12, the entity recognises deferred tax assets only when it is probabale that the taxable profits will be available against which the deducible temporary difference can be utilised. However in the current scenario, as the company does not expect to have sufficient future taxable profits, deferred tax asset has not been recognised in book of accounts.

**8 Other assets**

**(a) Other non current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured considered good** | | |
| Balances with government authorities | 755.66 | 768.68 |
| **Total** | **755.66** | **768.68** |

**(b) Other current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured considered good** | | |
| Advances to suppliers | 2.17 | 2.17 |
| Advances to staff and workers | 14.83 | 30.29 |
| Prepaid employee benefits (note 25) | 8.53 | 10.58 |
| **Total** | **25.53** | **43.04** |

There were no advances due by directors or other officers of the Company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

**9 (a) Cash and cash equivalents**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortised cost** | | |
| **Cash and cash equivalents** | | |
| Balances with banks | | |
| - on current accounts | 86.96 | 121.59 |
| - in deposits with original maturity of less than three months | - | 159.04 |
| **Total** | **86.96** | **280.63** |

**9 (b) Other bank balances**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deposits with original maturity :** | | |
| - more than three months but less than twelve months | 474.24 | 149.77 |
| Interest aacrues on fixed deposit | 5.45 | - |
| **Total** | **479.69** | **149.77** |

**10A Share capital**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorized shares (Nos)** | | |
| 10,000,000 (March 31, 2022: 10,000,000) equity shares of Rs. 10/- each | 1,000.00 | 1,000.00 |
| | **1,000.00** | **1,000.00** |
| **Issued, subscribed and fully paid share capital (Nos)** | | |
| 4,500,000 (March 31, 2022: 4,500,000) equity shares of Rs. 10/- each | 450.00 | 450.00 |
| **Total issued, subscribed and fully paid-up share capital** | **450.00** | **450.00** |

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| | No. of Shares |
|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | |
| As at April 1, 2021 | 4,500,000 |
| Changes during the period | - |
| As at March 31, 2022 | 4,500,000 |
| Changes during the period | - |
| **As at March 31, 2023** | **4,500,000** |

**(b) Terms/ rights 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.

**(c) Equity shares held by holding company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Thermax Limited | | |
| 4,500,000 (March 31, 2022: 4,500,000) equity shares of Rs. 10/- each fully paid | 450.00 | 450.00 |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | Thermax limited |
|---|---|
| **As at March 31, 2023** | |
| % | 100.00 |
| No. of shares | 4,500,000 |
| **As at March 31, 2022** | |
| % | 100.00 |
| No. of shares | 4,500,000 |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

**(e) Details of shares held by promoters**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Thermax Limited** | | |
| % | 100.00 | 100.00 |
| No. of Shares | 4,500,000 | 4,500,000 |
| % of change during the year | - | - |

**10B Other equity**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Reserves and surplus | | |
| General reserve | 525.21 | 525.21 |
| Retained earnings | | |
| Opening balance | 256.62 | 880.12 |
| Add: (Loss)/Profit for the year | 921.64 | 789.24 |
| Less: Interim dividends paid (Refer Note No. 34) | (708.75) | (1,390.00) |
| **Items of other comprehensive income recognised directly in retained earnings:** | | |
| Re-measurement gains/ (losses) on defined benefit plans, net of tax | (8.44) | (22.74) |
| **Net surplus in the statement of profit and loss** | **461.07** | **256.62** |
| **Total** | **986.28** | **781.83** |

**Nature and purpose of reserves**

**General reserve**

These are in nature of those retained earnings which are kept aside out of Company's profits. These are free reserves available for distribution of dividend.

**11 Investment in Subsidiary**

| | Face value | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Investments in equity instruments at cost (Fully paid)** | | | |
| Thermax Engineering Construction Company, FZE | | | |
| Number of Shares: 1000 shares | USD 1 | 0.76 | 0.76 |
| **Total value of Investment** | | **0.76** | **0.76** |

The Company has formed a subsidiary in Nigeria for the management and supervision of the installation, commissioning and testing of boilers and heaters, in respect of the petroleum refinery and polypropylene plant for Dangote group, being constructed in Lekki Free Trade Zone, Nigeria (LFTZ).

**12 Trade payables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| Total outstanding dues of micro enterprises and small enterprises | 1.60 | 2.33 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| (i) Related Parties (refer note 26) | - | 80.43 |
| (ii) Others | 39.26 | 113.46 |
| **Total** | **40.86** | **196.22** |

Trade payables are non-interest bearing and are normally settled between 3 to 12 Months.

For terms and conditions with related parties, refer note 26.

*(All amounts in Rupees lakh, unless otherwise stated)*

**Details of dues to micro and small enterprises as defined under The Micro, Small and Medium Enterprises Development (MSMED) Act 2006**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| -Principal amount outstanding (whether due or not) to micro and small enterprises | 1.60 | 2.33 |
| -Interest due thereon | - | - |
| The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of payment made to the supplier beyond the appointed day during the year | - | - |
| 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 the MSMED Act, 2006 | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **Trade payables as at March 31, 2023** | | | | | | | |
| (i) MSME | - | - | - | - | 1.60 | - | 1.60 |
| (ii) Others | 1.69 | 7.25 | 4.42 | - | - | 25.90 | 39.26 |
| (iii) Disputed dues- MSME | - | - | - | - | - | - | - |
| (iii) Disputed dues- Others | - | - | - | - | - | - | - |
| **Total** | **1.69** | **7.25** | **4.42** | **-** | **1.60** | **25.90** | **40.86** |

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **Trade payables as at March 31, 2022** | | | | | | | |
| (i) MSME | - | - | - | 2.33 | - | - | 2.33 |
| (ii) Others | - | 44.14 | 49.48 | 42.80 | 5.57 | 51.90 | 193.89 |
| (iii) Disputed dues- MSME | - | - | - | - | - | - | - |
| (iii) Disputed dues- Others | - | - | - | - | - | - | - |
| **Total** | **-** | **44.14** | **49.48** | **45.13** | **5.57** | **51.90** | **196.22** |

**13 Other current financial liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortised cost** | | |
| Employee related payables | 17.94 | 27.77 |
| **Total** | **17.94** | **27.77** |

**14 Provisions**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for leave encashment | 4.67 | 4.23 |
| | **4.67** | **4.23** |
| **Other provisions** | | |
| Provision for onerous contracts | - | 21.34 |
| Provision for customer claim | - | 50.00 |
| | **-** | **71.34** |
| **Total** | **4.67** | **75.57** |

**Provision for onerous contracts**

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits.

**Movement in provisions**

| | Provision for customer claims | Provisions for onerous contracts |
|---|---|---|
| **As at April 1, 2022** | | |
| At the beginning of the year | 50.00 | 21.34 |
| Provision utilized/reversed during the year | (50.00) | (21.34) |
| **As at March 31, 2023** | **-** | **-** |

**15 Other current liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue (refer note 16) | - | 2.42 |
| Customer advance (refer note 16) | 0.73 | 25.70 |
| Statutory dues and other liabilities* | 17.61 | 49.74 |
| **Total** | **18.34** | **77.86** |

* mainly includes tax deducted at source, provident fund, ESIC, etc.

**16 Revenue from operations**

**(a) Revenue from contracts with customers:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Revenue from services | 20.11 | 258.57 |
| **Total revenue from contracts with customers** | **20.11** | **258.57** |

**(b) Other operating income**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sale of Scrap | - | 1.51 |
| | **-** | **1.51** |
| **Total** | **20.11** | **260.08** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**Disclosure pursuant to Ind AS 115 : Revenue from Contract with Customers**

**i) Revenue by category of contracts**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Over a period of time basis | 20.11 | 258.57 |
| At a point-in-time basis | - | - |
| Total revenue from contracts with customer | 20.11 | 258.57 |

**Revenue by geographical market**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within India | 20.11 | 258.57 |
| Outside India | - | - |
| Total revenue from contracts with customer | 20.11 | 258.57 |

**ii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Trade receivables (refer note 4) | 87.13 | 360.65 |
| Unbilled revenue (Contract asset) (refer note 6 b) | - | 10.38 |
| Unearned revenue (Contract liability) (refer note 15) | - | 2.42 |
| Customer advances (Contract liability) (refer note 15) | 0.73 | 25.70 |

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to trade receivables when the rights become unconditional.

The Contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash positions on specific projects.

**iii) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Unearned revenue | 2.42 | 65.51 |
| Customer advance | - | - |

**iv) Changes in unbilled revenue and unearned revenue for the year**

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening unbilled revenue (refer note 6(b))** | **10.38** | **51.78** |
| **Opening unearned revenue (refer note 15)** | **2.42** | **142.87** |
| - Transfer of contract assets to receivable from opening unbilled revenue | 10.38 | 51.78 |
| - Increase in revenue as a result of changes in the measure of progress from | | |
| 'the opening unearned revenue | 2.42 | 142.87 |
| - Transfer of contract assets to receivable | - | 108.97 |
| - Increase in revenue as a result of changes in the measure of progress | - | 115.70 |
| - Others* | - | (1.23) |
| **Closing unbilled revenue (refer note 6(b))** | **-** | **10.38** |
| **Closing unearned revenue (refer note 15)** | **-** | **2.42** |

* includes adjustments on account of onerous contracts, impairment allowance for the year etc.

**v) Performance obligations**

Performance obligation in project or a group of projects which are contracted at or near same time and negotiated simultaneously, are combined for the purpose of evaluation. The Company has estimated that multiple commitments pertaining to engineering procurement and commissioning of such projects is as single performance obligation which is spread over different accounting periods.

Performance obligation for products are evaluated on standalone basis, recognised at point in time. Generally, performance obligations for such contracts have an original expected duration of one year or less.

There are no major contracts with customers which have significant financing component included within them and therefore there is no difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

**Remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amount of revenue yet to be recognised for contracts in progress | - | - |

The Company expects that a significant portion of the remaining performance obligation will be met in next 12 months.

The Company applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

**vi) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

There is no significant variation between revenue recognised in Statement of profit and loss and contract price except price variation claims, which are considered to be part of contract price.

**17 Other income**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Dividend income from equity investments designated at fair value through profit and loss | 681.82 | 661.50 |
| Liabilities no longer required written back | 92.19 | 13.00 |
| Exchange fluctuation gain (net) | 5.18 | 1.95 |
| Interest income | 19.47 | 15.64 |
| Miscellaneous income | 16.68 | 15.56 |
| **Total** | **815.34** | **707.65** |

**18 Employee benefits expense**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | 9.91 | (2.88) |
| Contribution to provident and other funds | 2.61 | 6.62 |
| Gratuity expense (refer note 25) | (6.38) | (4.57) |

*(All amounts in Rupees lakh, unless otherwise stated)*

| | | |
|---|---|---|
| Staff welfare expenses | 1.83 | 0.64 |
| **Total** | **7.97** | **(0.19)** |

**19 Finance cost**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest expense | - | - |
| **Total** | **-** | **-** |

**20 Depreciation expense**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation on property, plant & equipment (refer note 3) | - | - |
| **Total** | **-** | **-** |

**21 Other expenses**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Rent (refer note 24B) | 1.79 | 1.19 |
| Site expenses and contract labour charges | 1.80 | 2.01 |
| Erection & commissioning expenses | 23.75 | 21.35 |
| Rates and taxes | 1.64 | 0.31 |
| Insurance | 1.01 | 0.15 |
| Travelling and conveyance | 0.21 | 1.01 |
| Legal and professional fees | 6.55 | 13.13 |
| Audit fees (refer note 22(b)) | 2.25 | 4.30 |
| Bad debts/ advances written off | 304.54 | - |
| Provision for impairment allowance of financial assets (net) | (413.97) | 57.84 |
| CSR expenditure (refer note 22(a)) | 10.63 | 6.26 |
| Bank guarantee charges (including bank charges) | 5.23 | 17.92 |
| Miscellaneous expenses (includes printing, communication, postage, security expense, etc.) | 7.02 | 0.10 |
| **Total** | **(47.55)** | **125.57** |

**22 (a) Corporate social responsibility (CSR)**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Gross amount required to be spent by the Company during the year | 10.63 | 6.26 |
| **Total** | **10.63** | **6.26** |

**Amount spent during the year**

| Particulars | In Cash | Yet to be spent in cash | Total |
|---|---|---|---|
| **During the year ended March 31, 2023** | | | |
| a. Construction/ acquisition of any asset | - | - | - |
| b. On purposes other than (a) above * | 10.63 | - | 10.63 |
| | **10.63** | **-** | **10.63** |
| **During the year ended March 31, 2022** | | | |
| a. Construction/ acquisition of any asset | - | - | - |
| b. On purposes other than (a) above * | 6.26 | - | 6.26 |
| | **6.26** | **-** | **6.26** |

*The amount of Rs. 10.63 (March 31, 2022 :Rs. 6.26) is contributed to Thermax Foundation, India (also refer note no 26 Related party transactions), which is engaged in education of economically underprivileged children by addressing social discrimination through affirmative actions, skill development and employability initiatives.

There is no shortfall in contribution as at March 31, 2022..

**22 (b) Payment to auditors**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **As auditor** | | |
| Audit | 2.00 | 2.00 |
| **In other capacity** | | |
| Other services | 0.25 | 2.30 |
| Reimbursement of expenses | - | - |
| **Total** | **2.25** | **4.30** |

**23 Earnings per share**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit attributable to the equity shareholders of the Company | 921.64 | 789.24 |
| Weighted average number of equity shares of Rs.10/- each | 45.00 | 45.00 |
| Basic & Diluted Earnings per share (In Rupees) | 20.48 | 17.54 |

**24 Contingent Liabilities and commitments**

**A Contingent liabilities**

i) Disputed demands in respect of Excise, Customs Duty and Service tax Rs. 742.82 (March 31, 2022 Rs 742.82)

ii) Disputed demands in respect of Sales tax(VAT Chhatisgarh) Rs. 1.20 (March 31, 2022 Rs 1.20)

ii) The Company has issued various guarantees for performance, deposits, tender money, advances,etc to customers. The management has considered the probability for outflow of the same to be remote and accordingly no amount has been disclosed here.

**B Capital and other commitment**

**i. Operating lease : Company as lessee**

The Company has taken certain office premises on cancellable operating lease. The tenure of such leases is for a period of one year or less. Lease rentals are charged to the Statement of Profit and Loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the Company has an option to terminate the agreement or extend the term by giving notice in writing. Since the contracts are short term leases, the entity has elected to apply the exemption available to short term leases under Ind AS 116 and has recognised the lease payments associated with these leases as an expense.

Future minimum lease rental payables under non-cancellable operating leases are as follows:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease payments for the year | 1.79 | 1.19 |
| Within one year | - | - |
| After one year but not more than five years | - | - |
| More than five years | - | - |

**25 A. Gratuity**

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed specified years of service gets a gratuity on departure @ 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy. The fund has formed a trust and it is governed by the Board of Trustees.

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

The fund is subject to risks such as asset volatility, changes in asset yields and asset liability mismatch risk. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset-liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk-averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

**I Changes in the net benefit obligation and fair value of plan assets are as follows :**

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 1, 2021** | **21.16** | **48.02** | **(26.86)** |
| Current service cost | 3.06 | | 3.06 |
| Interest expense/(income) | 1.25 | 8.88 | (7.63) |
| **Total amount recognised in Statement of Profit and Loss** | **4.31** | **8.88** | **(4.57)** |
| Actuarial loss from change in financial assumptions | (0.85) | - | (0.85) |
| Return on plan assets expense/(income) | - | (0.16) | 0.16 |
| Opening Adjustment | - | (9.63) | 9.63 |
| Amount not recognised due to asset ceiling | | (14.51) | 14.51 |
| **Total amount recognised in Other comprehensive income** | **(0.85)** | **(24.30)** | **23.45** |
| Liability for employees transferred | (6.07) | (3.47) | (2.60) |
| **March 31, 2022** | **18.55** | **29.13** | **(10.58)** |

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 1, 2022** | **18.55** | **29.13** | **(10.58)** |
| Current service cost | 1.45 | | 1.45 |
| Interest expense/(income) | 1.26 | 9.09 | (7.83) |
| **Total amount recognised in Statement of Profit and Loss** | **2.71** | **9.09** | **(6.38)** |
| Actuarial loss from change in financial assumptions | (4.35) | 0.05 | (4.41) |
| Amount not recognised due to asset ceiling | - | (12.84) | 12.84 |
| **Total amount recognised in Other comprehensive income** | **(4.35)** | **(12.79)** | **8.44** |
| Employer contributions | - | - | - |
| Benefits paid | - | - | - |
| **March 31, 2023** | **16.91** | **25.43** | **(8.53)** |

**II The net liability disclosed above relates to funded plans are as follows :**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Present value of funded obligation | 16.91 | 18.55 |
| Fair value of plan assets | 25.43 | 29.13 |
| **Plan (assets)** | **(8.53)** | **(10.58)** |

**III Significant estimates**

The significant actuarial assumptions were as follows :

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.40% | 7.20% |
| Salary growth rate | 7.00% | 5.00% |
| Expected return on plan assets | 7.20% | 6.90% |
| Normal retirement age | 60 years | 60 years |
| Mortality table | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2012-14) Ultimate |
| Employee turnover | 12% | 6% to 14% |

**IV Sensitivity analysis**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

| Assumption | Impact on defined benefit obligation | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Discount rate | | |
| 1.00% increase | Decrease by 0.61 | Decrease by 0.58 |
| 1.00% decrease | Increase by 0.64 | Increase by 0.62 |
| Future salary increase | | |
| 1.00% increase | Increase by 0.48 | Increase by 0.50 |
| 1.00% decrease | Decrease by 0.47 | Decrease by 0.49 |
| Attrition Rate | | |
| 1.00% increase | Increase by 0.00 | Increase by 0.05 |
| 1.00% decrease | Decrease by 0.01 | Decrease by 0.06 |

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following are the expected cash flows to the defined benefit plan in future years:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within next 12 months | 1.96 | 6.79 |
| Between 2-5 years | 19.50 | 17.08 |
| Between 5-10 years | 4.77 | 2.87 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.8 years (March 31, 2022 : 11.89 Years)

**V The major categories of plan assets are as follows:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Investments with Insurer (LIC of India) | 100.00% | 100.00% |

**26. Related party disclosures**

**Names of related parties and related party relationship:**

**Related parties where control exists**

| | |
|---|---|
| Holding company | Thermax Limited, India |
| Ultimate holding company | RDA Holdings Private Limited, India |
| Subsidiary company | Thermax Engineering Construction FZE, Nigeria (TEC FZE) |

**Related parties with whom transactions have taken place during the year**

*(All amounts in Rupees lakh, unless otherwise stated)*

**A. Fellow Subsidiaries in India**

Thermax Babcock & Wilcox Energy Solutions Limited

**B. Enterprise, over which control is exercised by directors of the Holding Company.**

Thermax Foundation

**C. Key management Personnel:**

Pravin Karve - Director

Ravinder Advani - Director

Bhavesh Chheda - Director (Appointed on 3rd Nov, 2022)

Shekhar Kashalikar - Director (Appointed on 28th July, 2022)

**D Individuals having significant influence over the Company by reason of voting power and their relatives :**

Mrs. Meher Pudumjee - Chairperson of Holding Company

Mrs. Anu Aga - Relative of Chairperson of Holding Company

Mr. Pheroz Pudumjee - Director of Holding Company

Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

**E Transactions with related parties:**

| | Holding Company | | Entities Controlled by Holding company | | Subsidiary Company | | Independent Director | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| **Transactions during the year** | | | | | | | | | | |
| Sales of products and services | - | - | - | | - | - | - | - | **-** | **-** |
| Sale of fixed assets | - | - | - | 0.63 | - | - | - | - | **-** | **0.63** |
| Recovery of expenses | - | - | 25.34 | 22.56 | 273.71 | 268.35 | - | - | **299.05** | **290.91** |
| Reimbursement of expenses | - | - | - | 13.96 | - | - | - | - | **-** | **13.96** |
| Reimbursement of remuneration for key management personnel | - | - | - | | - | - | - | - | **-** | **-** |
| Corporate social responsibility | - | - | 10.63 | 6.26 | - | - | - | - | **10.63** | **6.26** |
| Commission paid | 1.04 | 5.12 | - | - | - | - | - | - | **1.04** | **5.12** |
| Corporate cost allocation | - | - | - | - | - | - | - | - | **-** | **-** |
| Dividend Received | - | - | - | - | 681.82 | 661.50 | - | - | **681.82** | **661.50** |
| Dividend paid | 708.75 | 1,390.00 | - | - | - | | - | - | **708.75** | **1,390.00** |

**F Balances with related parties:**

| | Holding Company | | Entities Controlled by Holding company | | Subsidiary Company | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| **b. Balances as at the year end** | | | | | | | | |
| Trade receivables | - | 0.45 | 7.72 | 72.24 | 19.47 | 40.53 | **27.19** | **113.22** |
| Trade payables and other liabilities | - | 0.76 | - | 79.67 | - | - | **-** | **80.43** |

**G Commitments**

Thermax Limited has issued corporate guarantee to Banks on behalf of the Company of Rs. 700.00 as on March 31, 2023 (March 31, 2022 : Rs. 1,000.00).

On the basis of credit comfort of the Company, ICICI bank has issued bank guarantees of USD 324,902.12 (March 31, 2022 USD 748,500) in favour of customers of TEC FZE.

**H Terms and conditions for outstanding balances**

All outstanding balances are unsecured and repayable in cash.

**I Terms and conditions of related party transactions**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables (except as disclosed above). For the year ended March 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022 : Rs Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

### 27 Fair value measurements

**a) Category of financial instruments and valuation techniques**

**Break-up of financial assets carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables (refer note 4) | 87.13 | 360.65 |
| Loans (refer note 5) | - | 1.92 |
| Other financial assets (refer note 6) | - | 13.82 |
| Cash and cash equivalents (refer note 9(a)) | 86.96 | 280.63 |
| **Total** | **174.09** | **657.02** |
| Current assets | 174.09 | 653.58 |
| Non-current assets (refer note 6(a)) | - | 3.44 |
| Total | **174.09** | **657.02** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break up of financial liabilities carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payable (refer note 12) | 40.86 | 196.22 |
| Employee related payables (refer note 13) | 17.94 | 27.77 |
| **Total** | **58.80** | **223.99** |
| Current liabilities | 58.80 | 223.99 |
| Total | **58.80** | **223.99** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

### 28 Financial risk management

The Company's principal financial liabilities, comprise 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 it derives directly from its operations.

The Company is exposed to credit risk and liquidity risk. The company follows guidance given by the Corporate Risk Management Policy of the group. The risks are summarized below:

**I 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.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on historical data of losses. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 4. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Financial instruments and bank deposits**

Credit risk from balances with banks and financial institutions is managed by the group treasury department in accordance with the Thermax group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**II Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**(i) Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted

| March 31, 2023 | < 1 year | 1 to 3 years | > 3 years |
|---|---|---|---|
| **Non- derivative** | | | |
| Trade Payables | 40.86 | - | - |
| Other financial liabilities | | | |
| Employee related payables | 17.94 | - | - |
| **March 31, 2022** | **< 1 year** | **1 to 3 years** | **> 3 years** |
| **Non- derivative** | | | |
| Trade Payables | 196.22 | - | - |
| Other financial liabilities | | | |
| Employee related payables | 27.77 | - | - |

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

### 29 Key Financial Ratios

| Particulars | Numerator | Denominator | March 31, 2023 | March 31, 2022 | Change | Reason for Variance |
|---|---|---|---|---|---|---|
| **Return on equity ratio** | Net Profits after taxes | Average Shareholder's Equity | 69.09% | 51.13% | -35.12% | The increase is on account of dividend received and increase in other income . |
| **Debtors turnover ratio** | Net credit sales = Gross credit sales - sales return | Average Trade Receivable | 0.09 | 0.52 | -82.82% | Improvement in collection resulted in improved ratio |
| **Net working capital turnover ratio** | Net sales = Total sales - sales return | Working capital = Current assets – Current liabilities | 0.03 | 0.63 | -94.62% | Decrease in revenue from operation resulted in decrease in ratio |
| **Net Profit ratio** | Net Profit | Net sales = Total sales - sales return | 4582.99% | 303.46% | -1410.24% | Dividend income and old balances written back during the year leads to higher net profit ratio |
| **Return on capital employed** | Earnings before interest and taxes | Capital Employed = Net Worth | 60.92% | 68.38% | -10.91% | |
| **Return on investment** | Interest (Finance Income) | Average Investment | 19.88% | 5.29% | 275.90% | Increase in Investements resulted in higher return |
| **Current Ratio** | Current Assets | Current Liabilities | 8.30 | 1.97 | 322.37% | Reduction in AP balances resulted in increase in ratio |
| **Trade payables turnover ratio** | Net credit purchases = Gross credit purchases - purchase return | Average Trade Payables | 0.54 | 0.32 | 66.73% | Account payable balances written back during the year resulted in increase in ratio |
| **Debt-Equity Ratio** | Total Debt | Shareholder's Equity | N.A. | N.A. | 0.00% | |
| **Debt service coverage ratio** | Earnings for debt service = Net profit after taxes + Non-cash operating expenses | Debt service = Interest + short term borrowings | N.A. | N.A. | 0.00% | |
| **Inventory turnover ratio** | Cost of goods sold | Average Inventory | N.A. | N.A. | 0.00% | |

### 30 Struck off companies

There is no transactions and balances with struk off companies for year ended March 31, 2023 & March 31, 2022.

### 31 Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to equity holders of the Parent Company.

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables | 40.86 | 196.22 |
| Less: Cash and cash equivalents | (86.96) | (280.63) |
| **Equity** | **1,436.28** | **1,231.83** |
| **Capital and net debt** | **1,436.28** | **1,231.83** |

**32** During the year, the Company has stopped accepting new orders as the management is in discussion with the holding company to evaluate future business opportunities and prospects.As at the reporting date, the Company has sufficient cash balances to meet its obligation and honour the commitments. Management is confident of recovering asset balances ( including balances with government authorities) with the alternative plans available and hence, financial statements have been prepared on a going concern basis.

**33** As the consolidated financial statements are presented by the entity's holding Company, the entity has elected to apply the exemption available to it under Ind AS 110 and has opted to present only one set of standalone financial statements.

**34** During the year, the Company has paid interim dividend of Rs. 12.50/- per equity share of face value Rs.10/- each for distribution of the profits of the Company for the and half year ended September 30, 2022 and Rs. 3.25 per equity share of face value Rs.10/- each for the quarter and nine months ended December 31, 2022.

35 Compliance with section 143(3) for maintenance of books of account

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The status of compliance is summarised in the below table:

| Requirements u/s 143(3) of Companies Act, 2013 | Response |
|---|---|
| Books of Account maintained on cloud / servers physically located in India | Yes |
| Backup maintained in India on daily basis | Yes |
| Intimation sent to the ROC for the current year | NA |

**For B. K. Khare and Company**
Chartered Accountants
ICAI Firm Reg No. 105102W

**Amit Mahadik**
Partner
Membership No: 125657

Date: May, 11 2023
Place: Pune

**For and on behalf of the Board of Directors of**
**Thermax Engineering Construction Company Limited**

**Ravinder Advani**
Director
DIN: 01677195

**Bhavesh Chheda**
Director
DIN: 08558510

Date: May, 11 2023
Place: Pune

# Thermax Instrumentation Limited

***Board of Directors***

Ravinder Advani
B.C. Mahesh (Director upto July 28, 2022)
Kirtiraj Jilkar (Director w.e.f September 13, 2022)
Rajendran Arunachalam
Ajay Joshi – Independent Director
(Ceased as on March 31, 2023)
Ashok K. Joshi – Independent Director
(Ceased as on March 31, 2023)

***Registered Office***

Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune – 411003

***Auditors***

SRBC & Co. LLP
Chartered Accountants
Ground Floor, Panchshil Tech Park,
Yerwada, Pune-411006, India

***Key Managerial Personnel***

M.L. Bindra (Manager upto July 26, 2022)
Ramachandra Bharathi (Manager w.e.f July 28, 2022)
Sudhir Lale (Company Secretary)
Harish Tikotkar (Chief Financial Officer upto
October 8, 2022)

***Bankers***

HDFC Bank Limited
Union Bank of India
ICICI Bank
Citibank NA
HSBC Bank

***Corporate Office***

Sai Chambers
15, Mumbai – Pune Road, Wakdewadi,
Pune - 411003

***Branch offices***

1. Unit 3, Ninth (9th) Floor Galleria Corparate Center
EDSA - II Carner Ortigas Avenue
Quezon City, Manila Philippines
2. C/o PKF Consulting Zambia Limited,
Plot 11, Sable Road, Kabulonga, Lusaka, Zambia.
3. SAIF Executive Office P08-04-31,
P.O. Box- 121291, Sharjah-U.A.E.

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors present the Twenty Seventh Annual Report for the year ended March 31, 2023.

**FINANCIAL RESULTS:**

Your Company's performance during the financial year ended March 31, 2023 is summarized below:-

(Rs. in Lakh)

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Total Income | **14,434.52** | 15,157.89 |
| Profit before Depreciation | **1,380.12** | 1,586.39 |
| Depreciation | **22.90** | 23.25 |
| Profit before Tax | **1,357.22** | 1,563.14 |
| Provision for Taxation including Deferred Tax | **515.73** | 667.73 |
| Profit after tax | **841.49** | 895.41 |

**State of Company's Affairs and future outlook**

The company is a wholly owned subsidiary of Thermax Limited.

Your Company is engaged in rendering erection, commissioning, civil works and operation and maintenance services for turnkey contracts for power plants. The Company caters to both domestic and international markets.

During the year, the Company earned a total income of Rs 14,434.52 lakh (previous year Rs 15,157.89 lakh). Profit before tax stood at Rs 1,357.22 lakh (previous year Rs. 1,563.14 lakh) and profit after tax is Rs. 841.49 lakh (previous year Rs. 895.41 lakh).

Profit for the year is lower due to the reduction in revenue. The order booking in the current year was Rs. 5,690 lakh (previous year Rs. 14,928 lakh).

During the year the Board of Directors of the Company at its meeting held on December 20, 2022 has approved Scheme of Arrangement (demerger) between Thermax Cooling Solutions Limited (TCSL) and your Company and their respective shareholders. ACC business of the Company will get demerged with Thermax Instrumentation Limited once approval from NCLT is sought. Further Scheme of Arrangements was filled before the Hon'ble National Company Law Tribunal, Mumbai Bench on December 23, 2023 and as per NCLT order the Company has completed the statutory requirements including filing of Form with the Ministry of Corporate Affairs. NCLT approval is awaited.

**Change in nature of business**

During the financial year 2022-23, your company has managed the affairs in a fair and transparent manner and there was no change in the business of the Company.

**Dividend**

The Board of directors of your company do not recommend any dividend during the financial year 2022-23.

**Amount Proposed to be carried to Reserves**

The Company does not propose to carry amount to any reserves.

**Share Capital**

The Paid-up equity Share Capital of the Company is Rs. 900 lakh. During the year, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity and there is no change in the share capital during the financial year 2022-23.

**Board Meetings**

The Board met six times during the year. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Details of meetings attended by the members are as follows:

| Name | Board Meetings | | | | | |
|---|---|---|---|---|---|---|
| | May 17, 2022 | July 28, 2022 | August 19, 2022 | November 3, 2022 | December 20, 2022 | January 31, 2023 |
| Mr. Rajendran Arunachalam | P | P | P | P | P | P |
| Mr. B. C. Mahesh | P | P | NA | NA | NA | NA |
| Mr. Ajay Joshi | P | P | P | P | P | P |
| Mr. Ashok k. Joshi | P | P | P | P | P | P |
| Mr. Ravinder Advani | P | A | A | A | A | A |
| Mr. Kirtiraj Jilkar | NA | NA | P | P | P | P |

NA- Not Applicable, P- Present, A- Absent

**Particulars of Loans, Guarantees or Investments**

During the year under review the Company did not give any loan or made an investment pursuant to the provisions of Section 186 and Section 134(3) (g) of the Companies Act, 2013.

**Related Party Transactions**

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of Related Party Transactions in AOC-2 are not attracted.

During the year, as required under section 177 of the Companies Act, 2013 RPTs were placed before the Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

**Explanation(s) / Comment(s) to Qualifications, Reservations, Adverse Remarks & Disclaimers made by the Auditors**

There are no qualifications, reservations, adverse remarks & disclaimers made by the Auditors in their report on Financial Statements for the financial year ended March 31, 2023.

**Material changes affecting financial position of the Company**

There were no material changes and commitments that have occurred after the close of the year till the date of this report, which affect the financial position of the Company.

**Conservation of Energy**

The Company is very careful in using the power to reduce cost of maintenance and conserve resources. The Company makes effort to use power from grid at sites instead of DG sets.

**Technological Absorption**

There was no technology acquisition and absorption during the year under review.

**Foreign Exchange Earnings and Outgo**

Information pertaining to foreign exchange earnings and outgo, under Section 134 (3) (m) of the Companies Act, 2013 is as follows:

| | (Rs. In lakh) |
|---|---|
| Foreign currency earnings | Rs. 4,849.90<br>(previous year 4,150.99) |
| Foreign currency outgo | Rs. 2,663.62<br>(previous year 2,064.04) |

**Subsidiary / Associate / Joint Ventures Company**

Your Company does not have any Subsidiary / Associate / Joint ventures company and there was no change in the position during the financial year 2022-23.

**Business Risk Management**

The Company has a process of evaluating risk. It keeps track of risk portfolio and every quarter tracks the changes of any risk and prepares its mitigation plan. The Board is informed about the changes in economic and environmental factors and its impact on strategic business decision and risk portfolio. After detailed review of risk and mitigation measures the management has confirmed that there is no risk as on date which threatens the existence of the Company. It will continue to actively monitor and strengthen its risk management framework.

**Health & Safety**

The Company has formulated procedures for Covid protection protocols for sites and Head Office as per government guidelines. They are reviewed by the top management at frequent intervals and appropriate corrective actions, if any, are immediately taken. There were no Covid fatalities at site or Head Office in the year.

The Company has continued to focus on safety at sites and has achieved most of the safety Key Performance Indicators.

The Company's performance in this area has been recognized by many of its customers including awards from two leading cement manufacturers for best safety performance.

**Key Managerial Personnel (KMP)**

The term of Mr. M. L. Bindra as a Manager of the Company has expired on July 26, 2022. Mr. Ramachandra Bharathi was appointed as a Manager and KMP of the Company for a period of two years effective July 28, 2022 without remuneration.

Further During the year, Mr. Harish Tikotkar resigned as the Chief Financial Officer and Key Managerial Person of the Company effective from October 8, 2022.

**Directors**

Currently, the Board of the company comprises three Directors In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Ravinder Advani retires by rotation, and being eligible, offers himself for re-appointment as director.

The Members of the Company at their 26th Annual General Meeting held on September 13, 2022 approved the appointment of Mr. Kirtiraj Jilkar (DIN: 09675574) as a director.

Further, Mr. B. C. Mahesh (DIN: 06631816), Director of the Company resigned from the board effective July 28, 2022.

As per the terms & conditions of appointment and the retirement policy applicable to the Company's Board of Directors, Mr. Ajay Joshi & Mr. Ashok Joshi, ceased as an Independent Directors of the Company on March 31, 2023 on completion of his tenure.

**Declaration by Independent Directors**

The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and have also confirmed that their names have been added in the data bank maintained by the Indian Institute of Corporate Affairs for independent directors, in accordance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Pursuant to the provisions of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, every individual whose name is so included in the data bank shall pass an online proficiency self-assessment test. However, an individual who has fulfilled the criteria prescribed in Rule 6(4) of the said Rules, is exempted from the passing the online proficiency self-assessment test. In view of the same, Mr. Ajay Joshi, having met the aforesaid criteria, was exempted from the proficiency self-assessment test and Mr. Ashok K. Joshi passed the proficiency self-assessment test.

**Significant and Material Orders passed by the Regulators or Courts**

During the year there are no significant material orders passed by the regulators / courts which can adversely impact the going concern status of the Company and its operations in future.

**Adequacy of Internal Financial Controls**

Internal controls are reviewed by the Internal Audit Department of the Holding Company on periodical basis. All significant and material observations emerging out of internal audit are regularly reported to the Audit Committee of the Board and follow-up measures are taken.

**Public Deposits**

During the financial year 2022-23 your Company has not accepted any deposits under Chapter V of the Companies Act, 2013. Consequently, it has no unpaid / unclaimed deposit(s) as on March 31, 2023.

**Corporate Social Responsibility Initiatives**

As a part of its initiatives under Corporate Social Responsibility (CSR), the company has undertaken projects mainly in the area of education. The projects are in accordance with Schedule VII of the Companies Act, 2013. Since 2007, CSR initiatives have been undertaken through Thermax Foundation. The detailed report on CSR in the new format is annexed herewith as "Annexure 2" and forms part of this report.

**Committees of the Board**

The Board has following committees' viz. Audit Committee, Nomination and Remuneration Committee.

**Audit Committee**

The Audit Committee met four times during the year. The Committee comprises of 3 (Three) members, all being non-executive directors namely Mr. Ajay Joshi (Chairman), Mr. Rajendran Arunachalam and Mr. Ashok K. Joshi. Details of meetings attended by the members are as follows:

| Name | Audit Committee Meeting | | | |
|---|---|---|---|---|
| | May 17, 2022 | July 28, 2022 | November 3, 2022 | January 31, 2023 |
| Mr. Ajay Joshi | P | P | P | P |
| Mr. Rajendran Arunachalam | P | P | P | P |
| Mr. Ashok k. Joshi | P | P | P | P |

NA- Not Applicable, P- Present, A- Absent

**Nomination and Remuneration Committee**

The committee comprises of 3 (Three) members namely Mr. B. C. Mahesh (Chairman – upto July 28, 2022), Mr. Kirtiraj Jilkar (Chairman – w.e.f. July 28, 2022), Mr. Ajay Joshi and Mr. Ashok K. Joshi. The Committee met twice during the year on July 28, 2022 and January 31, 2023 where all members were present.

**Re-constitution of Nomination and Remuneration Committee (NRC)**

In view of resignation of Mr. B.C. Mahesh as director of the Company effective July 28, 2022, the Board reconstituted the composition of the Nomination and Remuneration Commitee . Mr. Kirtiraj Jilkar was inducted as a member of the Committee effective July 28, 2022.

**Independent Directors Meeting**

During the year under review, the independent directors met once on January 31, 2023, where all independent directors were present inter alia to review the performance of the Board, chairperson and non-independent directors of the company.

**Board Evaluation**

The Board has put in place a mechanism for evaluation of its own performance and performance of its Committees and individual Directors. The evaluation of the Board and Committees, was conducted based on the evaluation parameters, such as Board composition and structure, effectiveness of the Board, participation at meetings, domain knowledge, and awareness etc.

**Policy on appointment and remuneration of Directors and Key Managerial Personnel**

The Board had adopted a policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. The Directors do not receive any remuneration except independent directors who are entitled to sitting fees as approved by the Board for each Board/Committee meeting attended. A detailed policy is annexed herewith as “Annexure 1” and forms part of this report.

**Disclosure on Establishment of a Vigil Mechanism**

The provision of section 177(9) of the Companies Act, 2013, with respect to establishment of vigil mechanism are not applicable to the Company.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has framed an internal Complaint Committee (ICC), pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. Further a policy on Sexual Harassment of women at workplace has been circulated to all employees for a proper mechanism for redressal of complaints of sexual harassment.

The Company is committed to provide a safe and conducive work environment to its employees. There were no cases pending at the beginning of the year / filed during the year, pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

**Fraud Reporting**

During the Financial Year 2022-23, the Auditors have not reported any incident of fraud to the Board of Directors of the Company pursuant to provisions of Section 143(12) of the Companies Act, 2013.

**Auditors**

SRBC & CO. LLP Chartered Accountants (Firm Registration No.324982E/ E300003) appointed as Statutory Auditors of the Company for a period of Five year from the conclusion of the 24th Annual General Meeting (AGM) until the conclusion of the 29th AGM.

**Maintenance of Cost Records**

The provisions of section 148 of the Companies Act, 2013 read with the Companies (Cost Record & Audit) Rules, 2014 are not applicable to the Company, as the Company was not covered under the class of companies engaged in the production of goods and/or providing services as per Rule 3 of the Companies (Cost Records & Audit) Rules, 2014, during the Financial Year 2022-23.

**Directors’ Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors’ Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have 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 and of the profit and loss of the Company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October 2017. The Company is in compliance with the revised secretarial standards.

**The Insolvency and Bankruptcy Code, 2016**

During the Financial Year 2022-23, there was no application made and proceeding initiated / pending under the Insolvency and Bankruptcy Code, 2016 by any Financial and/or operational creditors against your Company.

During the year under review, there is no instance of onetime settlement with any Bank or Financial Institution.

**Particulars of employees**

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

**Acknowledgements**

Your directors wish to place on record their appreciation for the continued support extended by the Company’s customers, vendors and bankers during the year; and the dedicated contribution made by the employees and look forward to their continued support in the future as well.

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**For and on behalf of the Board of Directors of Thermax Instrumentation Limited**

| | | |
|---|---|---|
| | **Rajendran Arunachalam** | **Ravinder Advani** |
| Place : Pune | Director | Director |
| Date: May 11, 2023 | DIN: 08446343 | DIN: 01677195 |

**Annexure 1**

**Policy on Selection and Appointment of Directors and Remuneration of Directors, KMPs and Employees**

The Nomination & Remuneration (NRC) has prepared a “Terms of Reference” (TOR), which, inter alia, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, and also qualifications and determining the independence of Directors. The NRC has also decided to follow the standard policies framed at the holding Company. It was also decided that considering the nature of business of the Company and other practical nuances involved, it would be worthwhile and necessary to customize those standard policies accordingly to suit the needs and aspirations of the Company and its employees. This Policy is based on the above TOR of NRC:

**(1) Criteria for selection and appointment of Directors:**

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

(c) Assess the independence, nature of the appointment as Director vis-à-vis any conflict-of-interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) The tenure/term of the Director shall be as per the terms of appointment.

(f) In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

**(2) Remuneration:**

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees. The Independent Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings. Non- Executive Directors are nominated by the holding Company and do not receive any remuneration or sitting fees. The overall remuneration shall be in accordance with Section 197 and other applicable provisions & rules made thereunder from time to time.

**(3) Remuneration Policy for Senior Management, KMPs and employees:**

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure to follow Holding Company’s Criteria as some of the KMPs are designated by the holding Company:

(i) The remuneration is divided into Fixed component & Variable component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company’s performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management/ employees which are agreed upon. It broadly contains certain targets for strategic objectives, operational excellence-oriented initiatives and business deliverables. Actual performance of individual will be discussed by their functional heads at the year end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/variable pay shall be decided by the holding Company.

**ANNEXURE - 2**

**ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY**
**CSR REPORT FOR THE FINANCIAL YEAR 2022-23**

1. **Brief outline on CSR Policy of the Company**

Thermax Instrumentation Limited is a wholly owned subsidiary of Thermax Limited, is a construction arm of the Holding Company. The Company is committed to contribute to the welfare of the community in which it is carrying out its business operations. Being a wholly owned subsidiary of Thermax Limited, it has been decided that the CSR policy of the company will be aligned with the CSR policy of Thermax Limited and the CSR activities of the company shall be conducted through Thermax Foundation (TF).

2. **Composition of CSR Committee:**

Pursuant to the Companies Amendment Act, 2020 and notification dated January 22, 2021, where the amount spent by a company on CSR does not exceed fifty lakh rupees the requirement for constitution of the CSR Committee should not be applicable. Therefore, since the CSR contribution made by the Company for the FY 2022-23 did not exceed Rs. 50 lakhs, requirement of CSR committee will be not applicable.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company — **https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/**

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable (attach the report). — **NA**

5. (a) Average net profit of the company as per sub-section (5) of section 135: **Rs 13,83,72,252.**
   (b Two percent of average net profit of the company as per sub-section (5) of section 135: **Rs. 27,70,000.**
   (c Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **NA**
   (d Amount required to be set-off for the financial year, if any: **NA**
   (e) Total CSR obligation for the financial year [(b)+(c)- (d)]: **Rs. 27,70,000.**

6. (a) Amount spent on CSR Projects (both ongoing projects and other than ongoing projects): **Rs. 27,70,000.**
   (b) Amount spent in Administrative Overheads: **Nil**
   (c) Amount spent on Impact Assessment, if applicable: **NA**
   (d) Total amount spent for the Financial Year [(a)+(b) +(c)]: **Rs. 27,70,000**
   (e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in Rs. Lakh) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer |
| **Rs. 27,70,000** | Not Applicable | | | | |

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

| Sl. No. | Particulars | Amount (in Rs.) |
|---|---|---|
| 1 | 2 | 3 |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | 27,70,000 |
| (ii) | Total amount spent for the Financial Year | 27,70,000 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | - |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | - |

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

| 1 | 2 | 3 | 4 | 5 | 6 | | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in Rs) | Deficiency, if any |
| | | | | | Amount (in Rs) | Date of Transfer | | |
| Nil | | | | | | | | |
| | **TOTAL** | | | | | | | |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No.**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s [including complete address and location of the property] | Pin code of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | | |
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| Not Applicable | | | | | | | |

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub section (5) of section 135. **N.A**

**Ravinder Advani**
Director
DIN: 01677195

**Rajendran Arunachalam**
Director
DIN: 08446343

Place: Pune
Date: May 11, 2023

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Thermax Instrumentation Limited

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Thermax Instrumentation Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date audited by the branch auditors of the Company's branches located at Philippines (Manila) and United Arab Emirates (Sharjah).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on financial statements and on the other financial information of the branches, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

We communicate with those charged with governance 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.

**Other Matter**

We did not audit the financial statements and other financial information of 2 (two) branches included in the accompanying financial statements of the Company whose financial statements and other financial information reflect total assets of Rs. 886.44 lakhs as at March 31, 2023 and the total revenues of Rs. 2562.09 lakhs and net cash outflows of Rs. 181.54 lakhs for the year ended on that date, as considered in the financial information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act based on our audit and on the consideration of report of the branch auditors on financial statements and the other financial information of branches, as noted in the 'Other Matter' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper reporting's adequate for the purposes of our audit have been received from the branches not visited by us, except that, as more fully explained in Note 41, the books of account pertaining to the foreign branches and certain books and records (i.e. employee reimbursement system) were not accessible at all times in India and the Company does not have server physically located in India for the daily backup of the books of account and other books and papers maintained in electronic mode.

(c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;

(d) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;

(e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

(g) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above;

(i) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 17 to the financial statements;

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

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed 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 (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKS7596

Place of Signature: Pune
Date: May 11, 2023

**Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

Re: Thermax Instrumentation Limited ('the Company')

(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 not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) The title deeds of all the immovable properties other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2023.

(e) There are no proceedings initiated or are 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 Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) As disclosed in note 5 to the financial statements, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks and financial institutions during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the unaudited books of accounts of the Company.

(iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies, firms, Limited Liability Partnerships or any other parties as follows:

**(Rs. in Lakhs)**

| | Guarantees | Security | Loans | Advances in nature of loans |
|---|---|---|---|---|
| Aggregate amount granted/ provided during the year<br><br>a) Others | Nil | Nil | 1.50 | Nil |
| Balance outstanding as at balance sheet date in respect of above cases<br><br>a) Others | Nil | Nil | 1.50 | Nil |

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

The provisions relating to duty of customs, duty of excise, value added tax are not applicable to the Company.

(b) The dues of value added tax and cess have not been deposited on account of any dispute, are as follows

| Name of the Statue | Nature of the dues | Amount (Rs. In Lakhs) ^ | Period to which the amount pertains | Forum where the dispute is pending |
|---|---|---|---|---|
| West Bengal Value Added Tax Act, 2003 | Tax payable under Section 18 | 42.96 (Net of amount paid under protest amounting to 4.74) | FY 16-17 | Senior Joint Commissioner, Kolkata |

^Excluding interest and penalty, if any thereon.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The Company follows a July to June internal audit cycle and accordingly the internal audit reports of the Company for the period under audit and issued till the date of our audit report, have been considered by us. As informed to us, the internal audit for remaining areas / scope is expected to be completed post issue of our audit report on these financial statements.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current financial year. The Company has not incurred cash losses in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 36 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 25 to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 25 to the financial statements.

(xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(xxi) of the Order is not applicable to the Company.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKS7596

Place of Signature: Pune
Date: May 11, 2023

**Annexure 2 Referred to in paragraph 2(g) under the heading "Report On Other Legal And Regulatory Requirements" of our report of even date**

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

We have audited the internal financial controls with reference to financial statements of Thermax Instrumentation Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("ICAI"). 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these financial statements was 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 these 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 these 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 these financial statements.

**Meaning of Internal Financial Controls With Reference to these 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKS7596

Place of Signature: Pune
Date: May 11, 2023

# Thermax Instrumentation Limited

## BALANCE SHEET as at March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **I. Non-current assets** | | | |
| Property, plant and equipment | 4 | 98.69 | 117.94 |
| Financial assets: | | | |
| (a)Trade receivables | 5 (a) | 285.70 | 419.57 |
| Deferred tax assets (net) | 6 | 396.07 | 284.25 |
| Income tax assets (net) | | 2,608.61 | 2,710.95 |
| Other assets | 7 (a) | 529.22 | 529.22 |
| **Total Non-current assets** | | **3,918.29** | **4,061.93** |
| **II. Current assets** | | | |
| Financial assets: | | | |
| (a) Investments | 8 | 1,081.66 | 575.03 |
| (b) Trade receivables | 5 (b) | 5,035.59 | 4,701.57 |
| (c) Cash and cash equivalents | 9 | 855.68 | 973.92 |
| (d) Loans | 10 | 2.32 | 4.24 |
| (e) Other assets | 11 | 796.40 | 1,536.36 |
| Other assets | 7 (b) | 1,440.01 | 1,814.35 |
| **Total current assets** | | **9,211.66** | **9,605.47** |
| **Total Assets** | | **13,129.95** | **13,667.40** |
| **Equity and Liabilities** | | | |
| **I. Equity** | | | |
| Equity share capital | 12 | 900.00 | 900.00 |
| Other equity | 13 | 4,297.42 | 3,444.67 |
| **Total equity** | | **5,197.42** | **4,344.67** |
| **II. Non-current liabilities** | | | |
| Financial liabilities: | | | |
| (a) Trade payables | 14 (a) | 188.53 | 250.51 |
| **Total non-current liabilities** | | **188.53** | **250.51** |
| **III. Current liabilities** | | | |
| Financial liabilities: | | | |
| (a) Trade payables | 14 (b) | | |
| - total outstanding dues of micro and small enterprises | | 1,007.63 | 388.12 |
| - total outstanding dues of creditors other than micro and small enterprises | | 2,781.43 | 4,419.82 |
| (b) Other liabilities | 16 | 299.08 | 249.84 |
| Other liabilities | 15 | 3,413.06 | 3,804.94 |
| Provisions | 17 | 242.80 | 209.50 |
| **Total current liabilities** | | **7,744.00** | **9,072.22** |
| **Total equity and liabilities** | | **13,129.95** | **13,667.40** |
| Summary of significant accounting policies | 2 | | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | | |

The accompanying notes are an integral part of these financial statements.

## Statement of profit and loss for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 18 | 14,049.85 | 14,743.65 |
| Other income | 19 | 384.67 | 413.94 |
| **Total income (I)** | | **14,434.52** | **15,157.59** |
| **Expenses** | | | |
| Project bought-out and components | | 272.62 | 503.69 |
| Employee benefits expense | 20 | 2,857.32 | 2,823.33 |
| Finance cost | 21 | 6.61 | 6.25 |
| Depreciation expense | 22 | 22.90 | 23.25 |
| Other expenses | 23 | 9,917.85 | 10,237.93 |
| **Total expenses (II)** | | **13,077.30** | **13,594.45** |
| **Profit before tax (III = I-II)** | | **1,357.22** | **1,563.14** |
| **Tax expense** | | | |
| Current tax | 26 | 584.22 | 587.58 |
| Adjustment of tax relating to earlier periods | 26 | 43.91 | 68.70 |
| Deferred tax | 26 | (112.40) | 11.45 |
| **Total tax expense (IV)** | | **515.73** | **667.73** |
| **Profit for the year (V = III-IV)** | | **841.49** | **895.41** |
| **Other comprehensive income** | | | |
| **A. Items that will be reclassified subsequently to profit or loss** | 27 | | |
| Net gain / (loss) on translation of foreign operations | | 9.54 | 28.63 |
| Less: Income tax effect | | - | - |
| | | **9.54** | **28.63** |
| **B. Items that will not be reclassified subsequently to profit or loss** | 27 | | |
| Re-measurement (loss)/gain of defined benefit plan | | 2.30 | (9.12) |
| Less: Income tax effect | | (0.58) | 2.29 |
| | | 1.72 | (6.83) |
| **Total other comprehensive income for the year (net of tax) (VI)** | | **11.26** | **21.80** |
| **Total comprehensive income for the year (VII = V+VI)** | | **852.75** | **917.21** |
| Earning per equity share [Nominal value Rs. 10 each (March 31, 2022: Rs. 10)] Basic and diluted | 28 | **9.35** | **9.95** |
| Summary of significant accounting policies | 2 | | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | | |

The accompanying notes are an integral part of these financial statements.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Thermax Instrumentation Limited**

**Ravindra Advani**
Director
DIN: 01677195

**Rajendran Arunachalam**
Director
DIN: 08446343

**Ramachandra Bharathi**
Manager

**Sudhir Lale**
Company Secretary

Place: Pune
Date: May 11, 2023

## Cash flow statement for the period ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| | Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| A) | **Cash flows from operating activities** | | |
| | Profit before tax | **1,357.22** | **1,563.14** |
| | **Adjustments to reconcile profit before tax to net cash flows** | | |
| | Depreciation on property, plant & equipment | 22.90 | 23.25 |
| | Provision for impairment allowance of financial assets (net) | (89.95) | 114.80 |
| | Interest expense | 6.61 | 6.25 |
| | Bad debts/advances written off | 170.62 | 17.81 |
| | Loss /(gain) on sale/discard of assets (net) | (1.79) | (3.02) |
| | Interest income from bank | - | (25.17) |
| | Interest income - others | (36.86) | (31.32) |
| | Unrealised foreign exchange (gain) (net) | (11.19) | (9.91) |
| | Fair value gain on financial instruments at fair value through profit and loss (net) | (37.89) | (0.53) |
| | Liabilities no longer required written back | (242.51) | (288.45) |
| | **Cash flows before working capital changes** | **1,137.16** | **1,366.85** |
| | **Working capital adjustments** | | |
| | (Increase) in trade receivables | (124.16) | (1,170.63) |
| | (Increase) in other non-current assets | - | (8.76) |
| | Decrease in other financial assets | 736.21 | 285.00 |
| | Decrease/ (increase) in other current assets | 237.58 | (320.11) |
| | Decrease in loans | 1.92 | 0.70 |
| | (Decrease)/ increase in trade payables | (841.02) | 319.08 |
| | (Decrease) in other non-current liabilities | - | (189.39) |
| | (Decrease) in other current liabilities | (391.88) | (108.23) |
| | Increase in other financial liabilities | 49.25 | 60.94 |
| | Increase/ (decrease) in provisions | 33.30 | (115.89) |
| | | **(298.80)** | **(1,247.29)** |
| | **Cash from generated from operations** | **838.36** | **119.56** |
| | Direct taxes paid (net of refunds) | (488.93) | (499.96) |
| | **Net cash flow (used in) from operating activities** | **349.43** | **(380.40)** |
| B) | **Cash flows from / (used in) investing activities** | | |
| | Purchase of property, plant and equipment | (3.93) | (10.33) |
| | (Investment) of units of mutual funds (quoted) | (495.55) | (574.97) |
| | Interest income from bank | - | 25.17 |
| | Net proceeds from sale of property, plant and equipment | 2.07 | 4.18 |
| | Redemption in fixed deposits | - | 700.61 |
| | Net gain on sale of investments | 26.81 | 0.47 |
| | **Net cash flows from / (used in) investing activities** | **(470.60)** | **145.13** |
| C) | **Cash flows (used in) financing activities** | | |
| | Interim dividend paid | - | (540.00) |
| | Interest paid | (6.61) | (6.25) |
| | **Net cash flows (used in) financing activities** | **(6.61)** | **(546.25)** |
| | **Net (decrease) / increase in cash and cash equivalents** | **(127.78)** | **(781.52)** |
| | Cash and cash equivalents at the beginning of the year | 973.92 | 1,726.81 |
| | Effect of exchange differences on translation of foreign operations | 9.54 | 28.63 |
| | **Cash and cash equivalents at the end of the year** | **855.68** | **973.92** |

**Reconciliation of cash and cash equivalents as per the cash flow statement:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash and cash equivalents | 855.68 | 973.92 |
| **Balances as per Cash flow statement** | **855.68** | **973.92** |

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Thermax Instrumentation Limited**

**Ravindra Advani**
Director
DIN: 01677195

**Rajendran Arunachalam**
Director
DIN: 08446343

**Ramachandra Bharathi**
Manager

**Sudhir Lale**
Company Secretary

Place: Pune
Date: May 11, 2023

# Thermax Instrumentation Limited

### Statement of changes in Equity for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**A Equity Share Capital***

| Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the year | 12 | 900.00 | 900.00 |
| Change in equity shares capital during the year | 12 | - | - |
| Balance at the end of the year | 12 | **900.00** | **900.00** |

**B Other Equity***

| Particulars | Reserves & Surplus | | | Items of OCI | Total Other Equity |
|---|---|---|---|---|---|
| | Capital reserve | Retained Earnings | Total | Foreign Currency Translation Reserve | |
| **As at April 01, 2021** | **2,118.84** | **948.66** | **3,067.50** | **(0.04)** | **3,067.46** |
| Profit for the year | - | 895.41 | **895.41** | **-** | 895.41 |
| Other comprehensive income (net) (note 27) | - | (6.83) | **(6.83)** | **28.63** | 21.80 |
| Dividends paid | - | (540.00) | **(540.00)** | **-** | (540.00) |
| **As at March 31, 2022** | **2,118.84** | **1,297.24** | **3,416.08** | **28.59** | **3,444.67** |
| Profit for the year | - | 841.49 | **841.49** | **-** | 841.49 |
| Other comprehensive income (net) (note 27) | - | 1.72 | **1.72** | **9.54** | 11.26 |
| **As at March 31, 2023** | **2,118.84** | **2,140.45** | **4,259.29** | **38.13** | **4,297.42** |

* There are no adjustments on account of prior period errors or due to changes in accounting policies.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**Thermax Instrumentation Limited**

**Ravindra Advani**
Director
DIN: 01677195

**Rajendran Arunachalam**
Director
DIN: 08446343

**Ramachandra Bharathi**
Manager

**Sudhir Lale**
Company Secretary

Place: Pune
Date: May 11, 2023

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

## 1. Corporate information

Thermax Instrumentation Limited (the "Company") is a public company incorporated and domiciled in India. The Company is engaged in rendering erection, commissioning, civil works and operation and maintenance services for turnkey contracts for power plants. The Company has established foreign branches at Manila (Philippines), Lusaka (Zambia) and Sharjah (United Arab Emirates) which are in the business of rendering supervision, operation and maintenance services for power plants. The Company caters to both domestic and international markets. The CIN of the Company is U72200MH1996PTC099050. The financial statements were authorised for issue in accordance with the resolution of Board of Directors on May 11, 2023.

**2. Significant accounting policies**

**2.1. Basis of preparation and measurement**

**(a) Basis of preparation**

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under Section 133 of the Companies Act, 2013('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (from time to time) and presentation requirement of Division II of Schedule III to the Companies Act, 2013 (Act) as applicable to the financial statements.

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

**(b) Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans whereby assets/liabilities are measured at fair value.

**2.2. Changes in accounting policies and disclosures**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. There is no material impact on financial statements of the Company.

Several other amendments and interpretations apply for the first time in the year ended March 31, 2023, but do not have a material impact on financial statements of the Company and hence not included in the accounting policies.

**2.3 Summary of significant accounting policies**

**a. Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**b. Foreign currencies**

The Company's financial statements are prepared in Rupees, which is the also functional currency of the Company.

For each independent business unit, the Company determines the functional currency and items included in the financial statements of each unit are measured using that functional currency. The Company uses the direct method of consolidation for branches and on disposal of a foreign operation the gain or loss that is reclassified to the Statement of profit and loss reflects the amount that arises from using this method.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss except exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in the Statement of profit and loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., financial statements when the foreign operation is a branch), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to the Statement of profit and loss on disposal of the net investment.

Tax charges and credits attributable to exchange differences on those monetary items, if any, are also recorded in OCI. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. 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. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the Statement of profit and loss are also recognized in OCI or the Statement of profit and loss, respectively).

**Company's foreign branches**

The Company has foreign operations that are subject to legal and regulatory regimes of the country of incorporation. The foreign operations are subject to such a regime and have transactions in their own local currency, the branches are considered as sufficiently autonomous business units by the management. Hence, the functional currency of the branches has been assessed to be United State Dollars (US$) while that of the India operations continues to be Indian Rupees (Rs.).

The assets and liabilities of foreign operations are translated into Rs., which is the presentation currency of the Company, at the rate of exchange prevailing at the reporting date and their Statement of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Company uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation of branches are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the Statement of profit and loss.

**c. Fair value measurement**

The Company measures financial instruments, such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 34)
- Financial instruments (including those carried at amortized cost) (note 34)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered. These risks in respect of climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

At present, the impact of climate-related matters is not material to the Companies financial statements.

**d. Property, plant and equipment**

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Buildings | 30 | 30 |
| Plant and equipment* | 15 | 15 to 20 |
| Office equipment* | 5 | 5 |
| Computers | 4 to 6 | 3 to 6 |
| Vehicles | 7 to 10 | 8 |

*includes site infrastructure which is fully depreciated in the year of purchase

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**e. Revenue Recognition**

**Revenue from Contracts with customers**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The Company has following streams of revenue:

***i. Revenue from Engineering, Procurement and Construction contracts***

**Engineering, Procurement and Construction contracts** are contracts (or a group of contracts secured together) specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company may promise to provide distinct goods or services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process as evidenced either by contractual termination clauses or by the rights of the Company to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

The Company estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

**ii. Revenue from Sale of services**

Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized as the related services are performed on a time proportion basis under the contracts.

**Contract balances**

**Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer accounting policies on financial instruments in note (f) below.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances.

***Interest income***

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

***Dividend***

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

***Rental income***

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

***Financial Assets***

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories by the Company:

***Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss. This category generally applies to trade and other receivables.

***Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in Statement of profit and loss.

***Equity investments***

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind-AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

***Financial liabilities***

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares or stock options are recognized as a deduction from equity, net of any related income tax effects.

**i. Income tax**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside the Statement of profit and loss is recognized outside the Statement of profit and loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the Statement of profit and loss is recognized outside the Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Leases**

***Company as a lessee***

The Company lease asset classes primarily consist of leases for land, buildings and office equipments. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

***Company as a lessor***

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

**l. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

**m. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

***Provision for onerous contracts***

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

**n Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**o. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has identified the Manager of the Company as the chief executive decision maker of the Company. Refer note 31 for segment information presented.

**p. Contingent liability**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**q. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

## 3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### 3.1. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

**i. Revenue recognition on construction contracts**

A significant portion of the Company's business relates to construction of assets which are accounted using percentage-of-completion method, recognizing revenue as the performance on the contract progresses. This requires Management to make judgement with respect to identifying contracts which need to be accounted under percentage-of-completion method, depending upon the level of customization and the period of the fulfilment of the performance obligations under the contract. The percentage-of-completion method requires Management to make significant estimates of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

**ii. Legal contingencies**

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

**iii. Segment reporting**

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Board of Directors has determined that the CODM is the Manager of the Company, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Manager to assess performance and allocate resources. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into one reportable segment i.e. industrial infra.

**iv. Functional currency of branches**

The Company has foreign operations that are required to comply with the local laws and regulations of those countries. The management has carried out an assessment each individual business unit operating in the separate geographical location. The management has performed this assessment for the purpose of defining that Company's foreign currency exposure which affects it results and financial position due to currency fluctuation. The business of the three branches is different from the Indian unit. The revenue and expenses are mainly United States Dollar (US$) denominated and retained earnings which are separately held in a US$ bank account are considered as the major factors for assessment of the functional currency. Accordingly, the functional currency is designated as US$ for the foreign branches.

**3.2. Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Constructions contracts:**

- Provisions for liquidated damages claims (LDs): The Company provides for LD claims where there have been significant contract delays and it is considered probable that the customer will successfully pursue such a claim. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgements and assumptions regarding the amounts to recognize.

- Project cost to complete estimates: at each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs and estimated earnings and accrued contract expenses.

- Recognition of contract variations: the Company recognises revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence

- Provision for onerous contracts: The Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. Refer note 18 to the financial statements.

**ii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 32.

**iii. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables for its Indian operations. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the Company estimates a default rate of 0.2% of total revenue for trade receivables and 0.5% of contract revenue for contract receivables. The Company follows provisioning norms based on ageing of receivables to estimate the ECL provision. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norm as the performance guarantee tests require certain time period ranging up to 8 and 10 years respectively. Refer note 5 and 11 for details of impairment allowance recognized as at the reporting date.

**iv. Deferred taxes**

The Company is subject to local taxes on income attributable to its branches as per the income tax laws in Philippines and Zambia. Additionally, the Company is subject to a 15%/20%/0% branch profit tax in these Philippines/Zambia/Sharjah respectively on the "Business Profit Remittances" and "Withholding Tax Return – Dividend" as that term is defined under Philippine and Zambian tax laws respectively. The Company intends to maintain the minimum required level of net assets as per the local regulation in these branches commensurate with its operation and consistent with its business plan. The Company intends to repatriate the branch profits in the foreseeable future and accordingly, the Company has recorded deferred tax liability for profits of the branches not repatriated to India amounting to Rs. 135.03 (March 31, 2022: Rs 147.80) as at the balance sheet date.

**v. Fair value measurement of unquoted financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

markets where possible, but where this is not feasible, a degree of assumption is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**4 Property, plant and equipment***

| Particulars | Leasehold land | Buildings | Plant and equipment | Office equipment | Computer | Total |
|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | |
| **As at April 01, 2021** | **12.22** | **304.19** | **71.87** | **345.19** | **52.60** | **786.07** |
| Additions | - | - | - | 1.91 | 8.42 | 10.33 |
| Disposals | - | - | - | (168.68) | (3.73) | (172.41) |
| **As at March 31, 2022** | **12.22** | **304.19** | **71.87** | **178.42** | **57.29** | **623.99** |
| Additions | - | - | - | 2.91 | 1.02 | 3.93 |
| Disposals | - | - | (0.44) | (40.04) | (15.75) | (56.23) |
| **As at March 31, 2023** | **12.22** | **304.19** | **71.43** | **141.29** | **42.56** | **571.69** |
| **Accumulated depreciation** | | | | | | |
| **As at April 01, 2021** | **4.17** | **208.79** | **50.15** | **343.79** | **47.15** | **654.05** |
| Charge for the year | 0.18 | 9.98 | 4.92 | 3.31 | 4.86 | 23.25 |
| Disposals | - | - | - | (168.68) | (2.57) | (171.25) |
| **As at March 31, 2022** | **4.35** | **218.77** | **55.07** | **178.42** | **49.44** | **506.05** |
| Charge for the year | 0.20 | 14.16 | 3.66 | - | 4.88 | 22.90 |
| Disposals | | | (0.44) | (40.04) | (15.47) | (55.95) |
| **As at March 31, 2023** | **4.55** | **232.93** | **58.29** | **138.38** | **38.85** | **473.00** |
| **Net Block** | | | | | | |
| **As at March 31, 2023** | **7.67** | **71.26** | **13.14** | **2.91** | **3.71** | **98.69** |
| As at March 31, 2022 | 7.87 | 85.42 | 16.80 | - | 7.85 | 117.94 |

* The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only.

**5 Trade receivables**

**5 (a) Non current trade receivables**

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **At amortized cost** | | |
| Trade receivables | | |
| (i) Related parties (note 33) | 285.70 | 419.57 |
| (ii) Others | - | - |
| **Total receivables** | **285.70** | **419.57** |
| **Break-up of security details** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 538.00 | 723.03 |
| Trade receivables which have a significant increase in credit risk | - | - |
| Trade receivables- credit impaired | - | - |
| | **538.00** | **723.03** |
| Less: impairment allowance | (252.30) | (303.46) |
| **Total** | **285.70** | **419.57** |

The ageing of non-current trade receivables which are due for receipt:

| **Particulars** | | **Not Due*** | **Unbilled** | **Outstanding for the following period from due date of payments** | | | | | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| | | | | **Less than 6 months** | **6 months-1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | |
| (i) Undisputed trade receivables- considered good | March 31,2023 | 538.00 | - | - | - | - | - | - | 538.00 |
| | March 31,2022 | 723.03 | - | - | - | - | - | - | 723.03 |
| Less: impairment allowance | March 31,2023 | | | | | | | | (252.30) |
| | March 31,2022 | | | | | | | | (303.46) |
| **Total** | March 31,2023 | | | | | | | | **285.70** |
| | March 31,2022 | | | | | | | | **419.57** |

* The above ageing includes retention receivables which are classified as due or not due on the basis of contractual terms with respective customers.

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

### 5 (b) Current trade receivables

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| Trade receivables | | |
| i) Related Parties (note 33) | 2,685.90 | 2,965.03 |
| ii) Others | 2,349.69 | 1,736.54 |
| **Total receivables** | **5,035.59** | **4,701.57** |
| **Break-up of security details** | | |
| Secured, considered good | - | 178.86 |
| Unsecured, considered good | 5,876.81 | 5,424.61 |
| Trade receivables which have a significant increase in credit risk | 74.56 | 74.56 |
| Trade receivables - credit impaired | 36.42 | 20.58 |
| | **5,987.79** | **5,698.61** |
| Less: Impairment allowance | (952.20) | (997.04) |
| **Total** | **5,035.59** | **4,701.57** |

The ageing of current trade receivables which are due for receipt:

| Particulars | | Not Due* | Unbilled | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed trade receivables- considered good | March 31,2023 | 1,666.09 | 468.83 | 2,322.64 | 379.43 | 365.87 | 4.15 | 669.81 | 5,876.82 |
| | March 31,2022 | 1,970.87 | 34.52 | 2,530.67 | 259.32 | 73.12 | 57.26 | 677.71 | 5,603.47 |
| (ii) Undisputed trade receivables- which have significant increase in credit risk | March 31,2023 | - | - | - | - | - | - | 74.56 | 74.56 |
| | March 31,2022 | - | - | - | - | - | - | 74.56 | 74.56 |
| (iii) Undisputed trade receivables- credit impaired | March 31,2023 | - | - | - | 8.40 | 28.02 | - | - | 36.42 |
| | March 31,2022 | - | - | - | - | - | 20.58 | - | 20.58 |
| **Subtotal** | **March 31,2023** | **1,666.09** | **468.83** | **2,322.64** | **387.83** | **393.89** | **4.15** | **744.36** | **5,987.79** |
| | March 31,2022 | 1,970.87 | 34.52 | 2,530.67 | 259.32 | 73.12 | 77.84 | 752.27 | **5,698.61** |
| Less: impairment allowance* | March 31,2023 | | | | | | | | (952.20) |
| | March 31,2022 | | | | | | | | (997.04) |
| **Total** | **March 31,2023** | | | | | | | | **5,035.59** |
| | March 31,2022 | | | | | | | | **4,701.57** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. For terms and conditions relating to related party receivables, refer note 33.

*Includes provision of Rs. 74.56 (March 31, 2022:Rs. 74.56) for trade receivables which have significant increase in credit risk and provision of Rs.36.42 (March 31, 2022:Rs. 20.58) for trade receivables which are credit impaired.

The Company has recorded an impairment of receivables relating to amounts owed by related parties as per the policy. The assessment is undertaken each financial year by examining the final contract completion milestones of the related party with the end customer.

Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

At March 31, 2023 the Company has Rs. 2,000.00 (March 31, 2022 : Rs 2,000.00) undrawn borrowing facilities hypothecated against trade receivables.

### 6 Deferred tax assets (Net)

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Retained earnings of foreign branches | (135.03) | (147.80) |
| Unrealized foreign exchange gain | (2.57) | (0.26) |
| | **(137.60)** | **(148.06)** |
| **Deferred tax assets** | | |
| Accelerated depreciation for tax purpose | 21.32 | 22.15 |
| Provision for doubtful debts and advances | 331.07 | 301.47 |
| Items allowed on payment basis | 28.99 | 30.51 |
| Temporary differences in accounting treatment as required by income tax standards | 42.77 | 28.55 |
| Other (includes deferred tax balances pertaining to branches) | 109.52 | 49.63 |
| | **533.67** | **432.31** |
| **Deferred tax assets (net)** | **396.07** | **284.25** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**Reconciliation of deferred tax assets (net)**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Opening balance** | 284.25 | 293.41 |
| Tax (expense)/ income during the year recognised in profit or loss (note 26) | 112.40 | (11.45) |
| Tax (expense)/ income during the year recognised in OCI (note 26) | (0.58) | 2.29 |
| **Closing balance** | **396.07** | **284.25** |

**Break up of gross deferred tax assets/liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax assets | 533.67 | 432.31 |
| Deferred tax liabilities | (137.60) | (148.06) |
| **Net deferred tax assets** | **396.07** | **284.25** |

**Statement of Profit & Loss (including OCI)**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Retained earnings of foreign branches | (12.77) | (13.99) |
| Unrealized foreign exchange gain | 2.31 | - |
| Difference between tax depreciation and depreciation/ amortisation charged for financial reporting purposes | 0.83 | 2.62 |
| Provision for doubtful debts and advances | (29.60) | (13.44) |
| Temporary differences due to accounting treatment as required by Income tax standards | (14.22) | 28.42 |
| Items allowed on payment basis | 1.52 | 39.89 |
| Other (includes deferred tax balances pertaining to branches) | (59.89) | (34.34) |
| **Deferred tax expense** | **(111.82)** | **9.16** |

## 7 Other assets

### 7 (a) Other non-current assets

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with government authorities** | | |
| Unsecured, considered good | 529.22 | 529.22 |
| Unsecured, considered doubtful | 40.04 | 40.04 |
| | 569.26 | 569.26 |
| Less : Impairment allowance | (40.04) | (40.04) |
| **Total** | **529.22** | **529.22** |

### 7 (b) Other current assets

| | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured considered good** | | |
| Advances to suppliers | 411.42 | 699.15 |
| Advances to employees | 192.05 | 124.90 |
| Prepaid expenses | 32.49 | 69.20 |
| Balances with government authorities | 721.78 | 877.24 |
| Prepayments (note 32) | 70.10 | 33.22 |
| Others | 12.17 | 10.64 |
| **Total** | **1,440.01** | **1,814.35** |

There were no advances due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which a director is a partner or a member.

## 8 Investments

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments at Fair value through profit or loss** | | |
| Units of mutual funds (quoted) | 1,081.66 | 575.03 |
| **Total** | **1,081.66** | **575.03** |
| Aggregate amount of quoted investments | 1,081.66 | 575.03 |

Investment in fair value through profit or loss reflect investment in quoted equity securities. Refer note 34 for determination of their fair values.

## 9 Cash and cash equivalents

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks | | |
| - in current accounts * | 854.79 | 973.47 |
| Cash on hand | 0.89 | 0.45 |
| **Total** | **855.68** | **973.92** |

* this includes bank balances of Rs. 597.90 (March 31, 2022 : Rs. 624.22) at branches which can be used freely for business in respective country of incorporation. For any repatriation to India, these are subject to repatriation taxes as per the local laws of those countries.

## 10 Loans

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| **At amortised cost** | | |
| Loans to employees | 2.32 | 4.24 |
| **Total** | **2.32** | **4.24** |

No loans are due from directors or other officers of the company either severally or jointly with any other person or from private companies or firms in which any director is a partner, a director or a member respectively.

## 11 Other financial assets

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortised cost** | | |
| Unbilled revenue (note 18)* (Contract assets) | 714.51 | 1,460.14 |
| Trade deposits # | 64.39 | 59.85 |
| Security deposits | 17.50 | 16.37 |
| **Total** | **796.40** | **1,536.36** |

* Unbilled revenue is net of impairment allowance of Rs. 86.75 (March 31, 2022: Rs. 80.70).

## Notes to financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

# Trade deposits represents deposit given as per statutory requirements for overseas branches.

**12 Share capital**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorized shares (Nos)** | | |
| 9,000,000 (March 31, 2022 : 9,000,000) equity shares of Rs. 10/- each | 900.00 | 900.00 |
| | **900.00** | **900.00** |
| **Issued, subscribed and fully paid share capital (Nos)** | | |
| 9,000,000 (March 31, 2022 : 9,000,000) equity shares of Rs. 10/- each | 900.00 | 900.00 |
| **Total issued, subscribed and fully paid-up share capital** | **900.00** | **900.00** |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Particulars | No. of shares | Amount |
|---|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | | |
| At April 01, 2021 | 9,000,000 | 900.00 |
| Changes during the year | - | - |
| At March 31, 2022 | 9,000,000 | 900.00 |
| Changes during the year | - | - |
| **At March 31, 2023** | **9,000,000** | **900.00** |

**(b) Terms/ rights 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.

**(c) Equity shares held by holding company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Thermax Limited** | 900.00 | 900.00 |
| 9,000,000 (March 31, 2022: 9,000,000) equity shares of Rs. 10/- each fully paid | | |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | As at March 31, 2023 | As at March 31, 20212 |
|---|---|---|
| **Thermax Limited** | | |
| % | 100.00 | 100.00 |
| No. of shares (including 6 share held by nominee shareholders)* | 9,000,000 | 9,000,000 |

*As per the records of the company, including it's register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents the legal ownership of shares.

(e) There are no buy back of shares/issue of shares for consideration other than cash during the period of five years immediately preceding the reporting date

**13 Other equity**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Reserves and surplus** | | |
| **Capital reserve** | 1,118.84 | 1,118.84 |
| **Capital redemption reserve** | 1,000.00 | 1,000.00 |
| **Retained earnings** | | |
| Opening balance | 1,137.03 | 788.45 |
| Add: Profit for the year | 841.49 | 895.41 |
| Less: Interim dividend paid | - | (540.00) |
| Movement during the year | 841.49 | 355.41 |
| **Items of other comprehensive income recognized directly in retained earnings:** | | |
| Re-measurement gain/(loss) on defined benefit plans, net of tax Rs. 0.58 (March 31, 2022 : Rs. 2.29) | 1.72 | (6.83) |
| **Net Surplus in the Statement of profit and loss** | **1,980.24** | **1,137.03** |
| **Total Reserves and surplus** | **4,099.08** | **3,255.87** |
| **Other Reserve** | | |
| **Foreign currency translation reserve** | | |
| Opening balance | 28.59 | (0.04) |
| Add : Movement during the year (net) | 9.54 | 28.63 |
| Closing balance | **38.13** | **28.59** |
| Fair value adjustment of redeemable preference shares, net of tax Rs. 65.82 (March 31, 2022 : Rs. 65.82) | 160.21 | 160.21 |
| **Total** | **4,297.42** | **3,444.67** |

**Capital reserve**

Capital Reserve pertains to reserves arising on amalgamations in the earlier years which is required to be maintained as per statute and is not distributable to the shareholders.

**Capital redemption reserve**

The Company has created Capital redemption reserve on redemption of non-cumulative redeemable preference shares in accordance with the Companies Act, 2013.

**Foreign currency translation reserve**

The Foreign currency translation reserve pertains to exchange differences on the translation of foreign branches having a functional currency other than INR.

**14 Trade payable**

**14 (a) Non-current trade payables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables : | | |
| (i) Others | 188.53 | 250.51 |
| **Total** | **188.53** | **250.51** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | |
| (i) Outstanding dues of creditors other than micro and small enterprises | March 31,2023 | 185.42 | - | - | - | - | 185.42 |
| | March 31,2022 | 243.05 | - | - | - | - | 243.05 |
| (ii) Disputed dues of creditors other than micro and small enterprises | March 31,2023 | 3.11 | - | - | - | - | 3.11 |
| | March 31,2022 | 7.46 | - | - | - | - | 7.46 |
| **Total** | March 31,2023 | **188.53** | - | - | - | - | **188.53** |
| **Total** | March 31,2022 | 250.51 | - | - | - | - | 250.51 |

**14 (b) Current trade payables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total outstanding dues of micro and small enterprises (note 14 (c)) | 1,007.63 | 388.12 |
| Total outstanding dues of creditors other than micro and small enterprises | | |
| (i) Related parties (note 33) | 284.80 | 107.93 |
| (ii) Others | 2,496.63 | 4,311.89 |
| **Total** | **3,789.06** | **4,807.94** |

For terms and conditions with related parties, refer note 33.

Trade payables are non-interest bearing and are generally on terms of 30-90 days.

The ageing of current trade payables which are due for payment :

| Particulars | | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 1-2 years | 2-3 years | More than 3 years | |
| (i) Outstanding dues of micro and small enterprises | March 31,2023 | 586.84 | 415.67 | - | - | - | 1,002.51 |
| | March 31,2022 | 377.86 | - | - | - | - | 377.86 |
| (ii) Outstanding dues of creditors other than micro and small enterprises | March 31,2023 | 1,015.01 | 417.47 | 39.65 | 2.36 | 196.01 | 1,670.50 |
| | March 31,2022 | 299.06 | 1,870.75 | 429.29 | 268.03 | 365.54 | 3,232.67 |
| (iii) Disputed dues of micro and small enterprises | March 31,2023 | 3.22 | - | - | - | - | 3.22 |
| | March 31,2022 | 10.26 | - | - | - | - | 10.26 |
| (iv) Disputed dues of creditors other than micro and small enterprises | March 31,2023 | 8.74 | - | - | - | - | 8.74 |
| | March 31,2022 | - | - | - | - | - | - |
| **Subtotal** | **March 31,2023** | **1,613.81** | **833.14** | **39.65** | **2.36** | **196.01** | **2,684.97** |
| | March 31,2022 | 687.18 | 1,870.75 | 429.29 | 268.03 | 365.54 | 3,620.79 |
| Unbilled trade payables | March 31,2023 | | | | | | 1,104.09 |
| | March 31,2022 | | | | | | 1,187.15 |
| **Total** | March 31,2023 | | | | | | **3,789.06** |
| | March 31,2022 | | | | | | **4,807.94** |

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**14 (c) Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| - Principal amount outstanding (whether due or not) to micro and small enterprises | 1,005.73 | 388.12 |
| - Interest due thereon | 0.47 | 0.18 |
| The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | 0.95 |
| The amount of payment made to the supplier beyond the appointed day during the period | 164.99 | 152.11 |
| 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 the MSMED Act, 2006 | 1.43 | 1.13 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 1.90 | 1.31 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

*Information in this regard is on the basis of intimation received, on request made by the Company, with regards to registration of vendors under said Act.

**15 Other Liabilities**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue (note 18) (contract liabilities) | 1,415.04 | 1,072.04 |
| Customer advances (contract liabilities) | | |
| (i) Related parties (note 33) | 1,524.76 | 1,849.84 |
| (ii) Others | 247.78 | 691.24 |
| Statutory dues and other liabilities* | 225.48 | 191.82 |
| **Total** | **3,413.06** | **3,804.94** |

For terms and conditions with related parties, refer note 33.
* mainly includes goods and services tax, tax deducted at source, provident fund, etc.

**16 Other financial liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| Employee related payables | 191.06 | 193.06 |
| Customer deposits | 61.50 | 56.72 |
| Payable for property plant and equipment | - | 0.03 |
| Other payables (note 33) ** | 46.52 | 0.03 |
| **Total** | **299.08** | **249.84** |

** includes payable to related party for post employment benefits pertaining to transferred employees.

**17 Current provisions**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for leave encashment | 72.88 | 96.06 |
| | **72.88** | **96.06** |
| **Other provisions** | | |
| Provision for onerous contracts | 169.92 | 113.44 |
| | **169.92** | **113.44** |
| **Total** | **242.80** | **209.50** |

| **Movement in provisions for onerous contracts** | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **At the beginning of the year** | 113.44 | 226.34 |
| Additional provisions recognised | 113.67 | 58.67 |
| Provisions (utilized)/(reversed) during the year | (57.20) | (171.57) |
| **At the end of the year** | **169.92** | **113.44** |

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the currently estimated economic benefits. The timing of cash outflows in respect of such provision is estimated to be over the contract period.

**18 Revenue from operations**

**(a) Revenue from contracts with customers:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Revenue from services | 13,826.05 | 14,543.29 |
| **Total revenue from contracts with customers** | **13,826.05** | **14,543.29** |

**(b) Other operating income**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sale of scrap | 119.72 | 141.09 |
| Exchange fluctuation gain (net) | 104.08 | 59.27 |
| | **223.80** | **200.36** |
| **Total revenue from operations** | **14,049.85** | **14,743.65** |

**(c) Disclosure pursuant to Ind AS 115 : Revenue from Contract with Customers**

**i) Revenue by category of contracts**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Over a period of time basis | 9,143.41 | 10,771.38 |
| At a point-in-time basis | 4,682.64 | 3,771.91 |
| **Total revenue from contracts with customer** | **13,826.05** | **14,543.29** |

**Revenue by geographical market**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within India | 8,976.15 | 10,392.30 |
| Outside India | 4,849.90 | 4,150.99 |
| **Total revenue from contracts with customer** | **13,826.05** | **14,543.29** |

## Notes to financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

### ii) Contract balances

The following table provides information about contract balances from contracts with customers as at the reporting date:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables (note 5(a) and 5(b)) | 5,321.29 | 5,121.14 |
| Unbilled revenue (Contract asset) (note 11) | 714.51 | 1,460.14 |
| Unearned revenue (Contract liability) (note 15) | 1,415.04 | 1,072.04 |
| Customer advances (Contract liability) (note 15) | 1,772.54 | 2,541.08 |

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on from projects and customised contracts. The Contract assets are transferred to Trade receivables when the rights become unconditional.

The Contract liabilities relate to the unearned revenue (excess of billings or invoicing over revenue) and advance consideration received from customers and performance obligations still to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash position.

The following table summarises the change in impairment allowance measured using life time expected credit loss model

| Particulars | Provisions on Trade Receivables | | Provisions on contract assets | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **At the beginning of the year** | 1300.50 | 1242.24 | 80.70 | 19.27 |
| Provisions made during the year | 182.02 | 222.42 | 17.54 | 61.43 |
| Utilized/ reversed during the year | (278.02) | (164.16) | (11.49) | - |
| **At the end of the year** | **1204.50** | **1300.50** | **86.75** | **80.70** |

### iii) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the year:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Unearned revenue | 1,021.06 | 1,223.04 |
| Customer advance | 1,159.22 | 1,213.27 |

### iv) Changes in unbilled revenue and unearned revenue for the year:

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening unbilled revenue (note 11)** | **1,460.14** | **1,802.78** |
| **Opening unearned revenue (note 15)** | **1,072.04** | **1,268.35** |
| - Transfer of contract assets to receivable from opening unbilled revenue | 1,244.95 | 1,494.00 |
| - Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue | 1,021.06 | 1,223.04 |
| - Transfer of contract assets to receivable | 9,032.67 | 9,265.77 |
| - Increase in revenue as a result of changes in the measure of progress | 8,122.36 | 9,548.68 |
| - Others* | 45.57 | (158.28) |
| **Closing unbilled revenue (note 11)** | **714.51** | **1,460.14** |
| **Closing unearned revenue (note 15)** | **1,415.04** | **1,072.04** |

* includes adjustments on account of onerous contracts, impairment allowance for the year etc

### v) Performance obligations

Performance obligation in project or a group of projects which are contracted at or near same time and negotiated simultaneously, are combined for the purpose of evaluation. The Company has estimated that multiple commitments pertaining to engineering procurement and commissioning of such projects is as single performance obligation which is spread over different accounting periods.

Performance obligation for products are evaluated on standalone basis, recognised at point in time. Generally, performance obligations for such contracts have an original expected duration of one year or less.

There are no major contracts with customers which have significant financing component included within them and therefore there is no difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

**Remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Amount of revenue yet to be recognised for contracts in progress | 9,173.38 | 20,520.69 |

The Company expects that a significant portion of the remaining performance obligation will be met in next 12-24 months.

The Company applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

## Notes to financial statements for the year ended March 31, 2023
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**vi) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

There is no significant variation between revenue recognised in Statement of profit and loss and contract price except price variation claims, which are considered to be part of contract price.

### 19 Other income

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest income from financial assets at amortized cost | - | 25.17 |
| Other interest income | 36.86 | 31.32 |
| Profit on sale of property plant and equipment | 1.79 | 3.02 |
| Fair value gain on mutual funds at fair value through profit or loss | 37.89 | 0.53 |
| Rent income (note 30) | 65.62 | 65.38 |
| Liabilities no longer required written back | 242.51 | 288.45 |
| Miscellaneous income (includes brokerage income and recovery of liquidated damages) | - | 0.07 |
| **Total** | **384.67** | **413.94** |

### 20 Employee benefits expense

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries and wages | 2,695.44 | 2,672.70 |
| Contribution to provident and other funds | 110.66 | 104.76 |
| Gratuity expense (note 32) | 19.59 | 20.58 |
| Staff welfare expenses | 31.63 | 25.29 |
| **Total** | **2,857.32** | **2,823.33** |

### 21 Finance cost

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest expense | 6.61 | 6.25 |
| **Total** | **6.61** | **6.25** |

### 22 Depreciation expense

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation on property, plant and equipment (note 4) | 22.90 | 23.25 |
| **Total** | **22.90** | **23.25** |

### 23 Other expenses

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Consumption of stores and spare parts | 47.95 | 42.41 |
| Power and fuel | 6.51 | 11.65 |
| Freight and forwarding charges | - | 0.08 |
| Site expenses and contract labour charges | 8,860.30 | 9,326.54 |
| Advertisement and sales promotion | 7.45 | 3.77 |
| Rent (note 30) | 82.84 | 77.87 |
| Rates and taxes | 54.59 | 58.87 |
| Insurance | 32.86 | 34.54 |
| Repairs and maintenance | | |
| Plant and machinery | 1.03 | 0.11 |
| - Others | 0.11 | 7.80 |
| Travelling and conveyance | 294.41 | 174.86 |
| Legal and professional fees (includes payment to auditors; note 24) | 245.81 | 211.62 |
| Director's sitting fees (note 33) | 10.80 | 8.80 |
| Bad debts/ advances written off | 170.62 | 17.81 |
| Provision for impairment of financial assets (net of reversals) | (89.95) | 114.80 |
| Loss on sale/ discard of assets (net) | - | - |
| Corporate Social Responsibility expenditure (note 25) | 27.70 | 26.10 |
| Miscellaneous expenses (includes printing, communication, postage, security expense, etc.) | 164.82 | 120.30 |
| **Total** | **9,917.85** | **10,237.93** |

### 24 Payment to auditors

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **As auditor** | | |
| Audit fee | 11.00 | 11.50 |
| Services relating to branch audit | 17.33 | 15.94 |
| **In other capacity** | | |
| Other services (Certification) | 2.00 | - |
| **Total** | **30.33** | **27.44** |

### 25 Corporate Social Responsibility

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year | 27.67 | 26.02 |
| (b) Amount spent during the year^ | 27.70 | 26.10 |
| (c) Shortfall/ (excess) at the end of the year | (0.03) | (0.08) |
| (d) Total of previous years shortfall | - | - |
| (e) Reason for shortfall | NA | NA |
| (f) Nature of CSR activities | Education, Skill Development, Rural Development | Disaster Relief, Education, Skill Development, Rural Development |
| (g) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard: | 27.70 | 26.10 |

* The amount is contributed to Thermax Foundation, India (refer

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

note 33) which is engaged in the education of economically underprivileged children by addressing social discrimination through affirmative action, skill development and employability initiatives. There is no shortfall in contribution for March 31, 2023 and for March 31, 2022.

**26 Income taxes**

The major components of income tax expense for the year ended March 31, 2022 and March 31, 2021 are:

**Statement of profit and loss**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current income tax | | |
| Current income tax charge | 584.22 | 587.58 |
| Adjustments in respect of current income tax of previous years | 43.91 | 68.70 |
| Deferred tax | | |
| Relating to origination and reversal of temporary differences | (112.40) | 11.45 |
| **Income tax expense reported in the Statement of profit and loss** | **515.73** | **667.73** |

**Other Comprehensive Income**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax related to items recognized in Other comprehensive income during the period** | | |
| Re-measurement of defined benefit plans | (0.58) | 2.29 |
| **Income tax charged to Other comprehensive income** | **(0.58)** | **2.29** |

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Accounting profit before tax | 1,357.22 | 1,563.14 |
| At India's statutory income tax rate of 25.17% (March 31, 2022: 25.17%) | 341.61 | 393.44 |
| **Reconciliation items and tax impact of the same** | | |
| Effects of non-deductible business expenses | 65.98 | 98.47 |
| Deferred tax on unrealized profits of branches | (12.77) | (13.99) |
| Taxes paid on repatriation of branch profits | 186.13 | 145.79 |
| Others (pertains to deferred tax generated by the branches) | (65.22) | 44.02 |
| **Income tax expense reported in the Statement of profit or loss** | **515.73** | **667.73** |

**27 Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity (net of income tax) is shown below:

During the year ended March 31, 2023

| | Foreign currency translation | Retained earnings | Total |
|---|---|---|---|
| Foreign currency translation differences | 9.54 | - | 9.54 |
| Re-measurement (losses)/gains on defined benefit plans | - | 1.72 | 1.72 |
| **Total** | **9.54** | **1.72** | **11.26** |

During the year ended March 31, 2022

| | Foreign currency translation | Retained earnings | Total |
|---|---|---|---|
| Foreign currency translation differences | 28.63 | - | 28.63 |
| Re-measurement gains/(losses) on defined benefit plans | - | (6.83) | (6.83) |
| **Total** | **28.63** | **(6.83)** | **21.80** |

**28 Earnings Per Share (EPS)**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit attributable to the equity shareholders of the Company | 841.49 | 895.41 |
| Weighted average number of equity shares of Rs.10/- each (Nos.) | 9,000,000 | 9,000,000 |
| Basic and diluted EPS | 9.35 | 9.95 |

**29 Contingent liabilities**

**a) Taxes**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Disputed VAT balances / liabilities | 47.70 | 49.46 |

There are certain laws suits, disputes etc., including commercial matters that arises from time to time in the ordinary course of business for which amounts are not quantifiable by the management. However, based on management's assessment under Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets", that the claims against the Company are not tenable/ probability of final outcome against the Company is low and therefore not disclosed as Contingent liability.

**b)** The Company has issued various guarantees for performance, advances etc. The management has considered the probability for outflow of the same to be remote and accordingly no amounts has been disclosed here.

**30 Capital and other commitments**

**a)** There are no estimated amounts of contracts remaining to be executed at the year end on capital account (March 31, 2022 : Rs. Nil).

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**b) Lease commitments**

**i) Company as lessee**

The Company has taken building, equipment and residential flats for employees at branches on cancellable operating lease. The tenure of such leases ranges from 1 to 3 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the company has an option to terminate the agreement or extend the term by giving notice in writing. Since the contract is a cancellable contract, the entity has elected to apply the exemption available to short term leases under Ind AS 116 and has recognised the lease payments associated with those leases as an expense.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease payments for the year | 82.84 | 77.87 |

**ii) Company as lessor : Operating lease**

The Company has leased certain parts of its surplus office and manufacturing buildings. The tenure of such lease agreements ranges from 1 to 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Lease rentals are recognised in the statement of profit and loss for the year. Refer note 23.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease rent received for the year | 65.62 | 65.38 |

Since there are no non-cancellable operating leases entered by the Company, there are no future lease rental payables and receivables (March 31, 2022: Rs. Nil payable and March 31, 2022:Rs. Nil receivable)

**31 Segment reporting**

Based on the guiding principles in “Ind AS 108- Operating Segments”, the Company’s business activity falls within one operating segment, i.e. Energy and allied services, and therefore no separate segment information is disclosed.

**Information of geographical areas-**

**Sales revenue by geographical markets**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within India | 8,976.15 | 10,392.30 |
| Outside India | 4,849.90 | 4,150.99 |
| **Total** | **13,826.05** | **14,543.29** |

Revenue of Rs. 7,370.92 (March 31, 2022 : Rs. 7194.04) are derived from a single customer and the Holding company of the Company.

**Non current assets by geographical segments***

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within India | 3,235.87 | 3,357.27 |
| Outside India | 0.65 | 0.84 |
| **Total** | **3,236.52** | **3,358.11** |

*Non current assets includes all non-current assets other than financial instruments and deferred tax assets.

**32 Gratuity**

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure at the rate of 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy. The fund has formed a trust and it is governed by the Board of Trustees.

The fund is subject to risks such as asset volatility, changes in asset yields and asset liability mismatch risk. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset-liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk-averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

**I Changes in the net benefit obligation and fair value of plan assets are as follows :**

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 1, 2021** | **141.32** | **196.33** | **(55.01)** |
| Current service cost | 24.47 | - | 24.47 |
| Interest expense | 9.15 | 13.04 | (3.89) |
| **Total amount recognised in the Statement of profit and loss** | **33.62** | **13.04** | **20.58** |
| Experience adjustments | (3.35) | - | (3.35) |
| Actuarial (gain)/loss from change in financial assumptions | (1.71) | - | (1.71) |
| Return on plan assets | - | (14.18) | 14.18 |
| **Total amount recognised in Other Comprehensive Income** | **(5.06)** | **(14.18)** | **9.12** |
| Employer contributions | (7.91) | 7.91 | (15.82) |
| Benefits paid | - | (7.91) | 7.91 |
| **March 31, 2022** | **161.96** | **195.18** | **(33.22)** |

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 1, 2022** | **161.96** | **195.18** | **(33.22)** |
| Current service cost | 22.61 | | 22.61 |
| Interest expense / income | 9.79 | 12.81 | (3.02) |
| **Total amount recognised in the Statement of profit and loss** | **32.40** | **12.81** | **19.59** |
| Experience adjustments | 14.80 | | 14.80 |
| Actuarial (gain)/loss from change in financial assumptions | (3.47) | | (3.47) |
| Return on plan assets | - | 13.63 | (13.63) |
| **Total amount recognised in Other Comprehensive Income** | **11.33** | **13.63** | **(2.30)** |
| Employer contributions | (22.82) | 24.16 | (46.98) |
| Transfer out | (30.01) | | (30.01) |
| Benefits paid | (9.01) | (31.83) | 22.82 |
| **March 31, 2023** | **143.85** | **213.95** | **(70.10)** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**II The net liability disclosed above relates to funded plans are as follows :**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Present value of funded obligation | 143.85 | 161.96 |
| Fair value of plan assets | 213.95 | 195.18 |
| **Surplus of funded plan (refer note 7(b))** | **(70.10)** | **(33.22)** |

**III Significant estimates**

The significant actuarial assumptions were as follows :

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.15% | 6.70% |
| Salary growth rate | 7% | 7% |
| Normal retirement age | 60 years | 60 years |
| Mortality table | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2012-14) Ultimate |
| Employee turnover | 12% | 12% |

**IV Sensitivity analysis**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

| Assumption | Impact on defined benefit obligation | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Discount rate** | | |
| 1.00% increase | decrease by Rs. 7.18 | decrease by Rs. 8.89 |
| 1.00% decrease | increase by Rs. 7.92 | increase by Rs. 9.89 |
| **Future salary increase** | | |
| 1.00% increase | increase by Rs. 7.37 | increase by Rs. 8.96 |
| 1.00% decrease | decrease by Rs. 6.81 | decrease by Rs. 8.23 |
| **Attrition Rate** | | |
| 1.00% increase | decrease by Rs. 0.59 | decrease by Rs. 0.55 |
| 1.00% decrease | Increase by Rs. 0.61 | Increase by Rs. 0.59 |

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within next 12 months | 15.29 | 28.78 |
| Between 2-5 years | 71.72 | 87.71 |
| > 5 years | 78.73 | 53.56 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (March 31, 2022: 6 years)

The Company expects to contribute Rs. Nil (March 31, 2022: Rs. Nil) to the gratuity fund in the next year.

**V The major categories of plan assets are as follows:**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Investments with Insurer (LIC of India) | 100.00% | 100.00% |

**33. Related party disclosures**

**A Holding Company and Utimate Holding Companies**

| No. | Name of the entity | Place of business/ Country of incorporation | Ownership interest | | Type |
|---|---|---|---|---|---|
| | | | March 31, 2023 | March 31, 2022 | |
| 1 | RDA Holdings Private Limited | India | 0% | 0% | Ultimate holding company |
| 2 | Thermax Limited | India | 100% | 100% | Holding company |

**B Fellow Subsidiaries with whom transactions have taken place during the year :**

| No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Babcock and Wilcox Energy Solutions Private Limited | India |
| 2 | Thermax Onsite Energy Solutions Limited | India |
| 3 | Thermax Bioenergy Solutions Pvt Ltd (w.e.f August 12, 2022) | India |

**C Entities controlled by Holding company other than 'B' above with whom transactions have taken place during the year :**

| No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax International Tanzania Limited | Tanzania |

**D. Key management Personnel:**

1 Mr. Madan Lal Bindra - Chief Executive Officer (till July 27, 2022)
2 Mr. Harish Tikotkar - Chief Financial Officer (till October 08, 2022)
3 Mr. Sudhir Lale - Company Secretary
4 Mr. Ajay Joshi - Independent Director (till March 31, 2023)
5 Mr. Ashok Joshi - Independent Director (till March 31, 2023)
6 Mr. Rajendran Arunachalam - Director
7 Mr. B. C. Mahesh - Director (till July 27, 2022)
8 Mr. Ravinder Advani - Director
9 Mr. Kirtiraj Jilkar - Director (w.e.f. July 27, 2022)
10 Mr. Ramachandra Bharathi - Manager (w.e.f. July 27, 2022)

**E Individuals having control or significant influence over the Company by reason of voting power, and their relatives:**

1 Mrs. Meher Pudumjee - Chairperson of Holding Company
2 Mrs. Anu Aga - Relative of Chairperson of Holding Company
3 Mr. Pheroz Pudumjee - Director of Holding Company
4 Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

**F Enterprise, over which control is exercised by individuals listed in 'E' above:**

| | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Foundation | India |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**Transactions during the year**

| | Holding Company - Thermax Limited | | Entities controlled by Holding company | | Key Management Personnel and Individuals mentioned in E | | Total | |
|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Sales of services | 5,739.51 | 5,557.45 | - | 182.08 | - | - | **5,739.51** | **5,739.53** |
| Rent income | 62.50 | 62.50 | - | - | - | - | **62.50** | **62.50** |
| Recovery of expenses | 171.83 | 126.51 | - | - | - | - | **171.83** | **126.51** |
| Sale of Property, Plant & Equipment | - | 4.10 | - | - | - | - | **-** | **4.10** |
| Purchase of project bought-out and components * | - | 10.05 | 35.74 | 31.80 | - | - | **35.74** | **41.85** |
| Reimbursement of expenses | 295.57 | 323.16 | - | - | - | - | **295.57** | **323.16** |
| Remuneration to key management personnel # | 48.32 | 57.58 | - | - | 10.80 | 8.80 | **59.12** | **66.38** |
| Donation ** | - | - | 27.70 | 26.10 | - | - | **27.70** | **26.10** |
| Commission paid on corporate guarantee received | 0.06 | 1.72 | - | - | - | - | **0.06** | **1.72** |
| Dividend Expenses | - | 540.00 | - | - | - | - | **-** | **540.00** |
| Rent paid | 60.50 | 60.50 | - | - | - | - | **60.50** | **60.50** |

* Transactions during the year with entities controlled by holding company pertains to Thermax Babcock and Wilcox Energy Solutions Private Limited amounting to Rs. 35.74 (March 31, 2022 : Rs.31.80)

** Transactions during the year with entities controlled by holding company pertains to Thermax Foundation amounting to Rs. 27.70 (March 31, 2022 : Rs.26.10)

# Components of Remuneration to key management personnel including sitting fees to independent director

| Personnel | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(a) Salary/ Retainership fees reimbursed to Thermax Limited #** | | |
| Mr. Madan Lal Bindra | 4.00 | 8.00 |
| Mr. Harish Tikotkar | 17.63 | 25.13 |
| Mr. Sudhir Lale | 26.69 | 24.45 |
| **(b) Director sitting fees paid to independent directors** | | |
| Mr. Ajay Joshi | 5.40 | 4.40 |
| Mr. Ashok Joshi | 5.40 | 4.40 |

# This does not include provision made for gratuity and leave encashment since the same is calculated for all employees of the Company as a whole.

**Terms and conditions of related party transactions**

The sales and purchases to/ from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

For the year ended March 31, 2023 and March 31, 2022, the Company has recorded an impairment of receivables relating to amounts owed by related parties as per the policy.

**Balances as at the year end**

| Particulars | Holding Company - Thermax Limited | | Entities controlled by Holding company | | Total | |
|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Trade receivables | 2,859.33 | 3,384.60 | 112.27 | - | **2,971.60** | **3,384.60** |
| Trade payables ^ | 219.03 | 72.41 | 65.77 | 35.52 | **284.80** | **107.93** |
| Other payables | 42.37 | - | 3.98 | - | **46.35** | **-** |
| Revenue received in advance | 1,521.40 | 1,846.48 | 3.36 | 3.36 | **1,524.76** | **1,849.84** |
| Unbilled Revenue | 419.56 | 111.73 | - | 29.21 | **419.56** | **140.94** |
| Unearned Revenue | 863.58 | 703.55 | - | 1.19 | **863.58** | **704.74** |
| Guarantee/ letter of comfort received | 8,000.00 | 7,074.00 | - | - | **8,000.00** | **7,074.00** |

^ Balances as at year end includes balances with entities controlled by holding company pertains to Thermax Babcock and Wilcox Energy Solutions Private Limited Rs. 61.79 (March 31, 2022 : Rs. 35.52)

There are no outstanding balances in respect of entities controlled by key management personnel and individuals mentioned in E.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**Terms and conditions for outstanding balances**

All outstanding balances are unsecured, interest free and repayable in cash except the guarantee/letter of comfort received.

**34 Fair value measurements**

**a) Category of financial instruments and valuation techniques**

**Break-up of financial assets carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables | 5,321.29 | 5,121.14 |
| Cash and cash equivalents | 855.68 | 973.92 |
| Loans | 2.32 | 4.24 |
| Other financial assets | 796.40 | 1,536.36 |
| **Total** | **6,975.69** | **7,635.66** |
| Current assets | 6,689.99 | 7,216.09 |
| Non-current assets | 285.70 | 419.57 |
| Total | **6,975.69** | **7,635.66** |

The management has assessed that the carrying amounts of the above financial instruments appoximate their fair values.

**Break-up of financial assets carried at fair value through profit or loss**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Investments | 1,081.66 | 575.03 |
| **Total** | **1,081.66** | **575.03** |
| Current assets | 1,081.66 | 575.03 |
| Non-current assets | - | - |
| **Total** | **1,081.66** | **575.03** |

The fair values of the mutual funds are based on price quotations at the reporting date.

**Break up of financial liabilities carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payable | 3,977.59 | 5,058.45 |
| Other liabilities | 299.08 | 249.84 |
| **Total** | **4,276.67** | **5,308.29** |
| Current liabilities | 4,088.14 | 5,057.78 |
| Non current liabilities | 188.53 | 250.51 |
| **Total** | **4,276.67** | **5,308.29** |

The management has assessed that the carrying amounts of the above financial instruments appoximate their fair values.

**b) Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2023

| | Date of valuation | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual Funds | March 31, 2023 | 1,081.66 | - | - |

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022

| | Date of valuation | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual Funds | March 31, 2022 | 575.03 | - | - |

There has been no transfer between level 1 and level 2 during the year.

**35 Financial risk management**

The Company's principal financial liabilities comprise trade and other payables and borrowings. 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's borrowings and investments are designated as financial liabilities and assets through profit or loss respectively.

Risk is inherent in the Company's activities but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2023 and March 31, 2022.

**I Market risk**

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

**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. Other than cash credit facility, the Company does not have any borrowings and hence there is no significant exposure to the risk of changes in market interest rates.

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. 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) and the Company's foreign operations through its branches at Philippines, Zambia and Sharjah.

The following table demonstrates the sensitivity to a reasonably possible change in USD 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 assets and liabilities. The impact is stated in Rupees (denominated in Lakh) below:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Decrease in US$ rate by 5% | (59.10) | (61.28) |
| Increase in US$ rate by 5% | 59.10 | 61.28 |

The exposure to other foreign currencies is not significant to the Company's financial statements as all the undistributed profits at the overseas branches are mainatined and/ or repatriated to India in US$.

## Notes to financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**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 other financial instruments.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Financial instruments and bank deposits**

Credit risk from balances with banks and mutual funds is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

The tables below summarises the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

| Particulars | Less than 1 year | 1 to 3 years | Total |
|---|---|---|---|
| **As at March 31, 2023** | | | |
| Trade payables | 3,789.06 | 188.53 | 3,977.59 |
| Other financial liabilities : | | | |
| Employee related payables | 191.06 | - | 191.06 |
| Customer deposits | 61.50 | - | 61.50 |
| Payable for property plant and equipment | - | | - |
| Other payables | 46.52 | - | 46.52 |
| | **4,088.14** | **188.53** | **4,276.67** |
| **As at March 31, 2022** | | | |
| Trade payables | 4,807.94 | 250.51 | 5,058.45 |
| Other financial liabilities : | | | |
| Employee related payables | 193.06 | - | 193.06 |
| Customer deposits | 56.72 | - | 56.72 |
| Payable for property plant and equipment | 0.03 | - | 0.03 |
| Other payables | - | - | - |
| | **5,057.75** | **250.51** | **5,308.26** |

### 36 Key Financial Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022:

| Particulars | Numerator | Denominator | March 31, 2023 | March 31, 2022 | Variance | Management response |
|---|---|---|---|---|---|---|
| Current ratio | Current assets | Current liabilities | 1.19 | 1.06 | 12.35% | |
| Return on equity ratio | Profit after tax | Average shareholder's equity | 0.18 | 0.22 | -18.14% | |
| Debtors turnover ratio | Revenue from contracts with customers | Average trade receivables | 2.65 | 3.18 | -16.76% | |
| Trade payables turnover ratio | Total supplier purchases## | Average trade payables | 2.24 | 2.10 | 6.50% | |
| Net capital turnover ratio | Revenue from contracts with customers | Working capital * | 9.42 | 27.27 | -65.46% | Refer 36(a) |
| Net profit ratio | Profit after tax | Revenue from contracts with customers | 0.06 | 0.06 | -1.15% | |
| Return on capital employed (ROCE) | Profit before tax and finance cost | Capital employed ** | 0.26 | 0.35 | -26.82% | Refer 36(b) |
| Return on investment (ROI) | Profit after tax | Net worth | 0.16 | 0.21 | -21.44% | |
| Debt-equity ratio | Total debt | Shareholder's equity | # | # | | |
| Debt service coverage ratio | Earnings available for debt service | Debt service | # | # | | |
| Inventory turnover ratio | Cost of goods sold | Average inventories | # | # | | |

**Explanations:**

* Total current assets - Total current liabilities.
** Total equity + Non-current borrowings + Deferred tax liability.
# Total supplier purchases include project bought-outs, other expenses and staff welfare expenses.
## The Company does not have any inventories and borrowings. As a result, these ratios are not applicable to the Company.
36 (a) - Change due to reduction in turnover and increase in net working capital (assets).

36 (b) - Change due to reduction in net profit.

### 37 Capital Management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to Parent Company and is measured at Rs 5,197.42 (March 31, 2022: Rs. 4,344.67).

## Notes to financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Trade payables | 3,977.59 | 5,058.45 |
| Less: Cash and cash equivalents (includes deposites with original maturity of more than 3 months but less than 12 months) | (855.68) | (973.92) |
| Net debt | 3,121.91 | 4,084.53 |
| **Equity** | 5,197.42 | 4,344.67 |
| **Capital and net debt** | **8,319.33** | **8,429.20** |

**38 Struck off companies**

Below are details of investment, receivable, payable and any other transactions outstanding with stuck off companies for the period ended March 31, 2023:

| Name of stuck off company | Nature of other outstanding balances | Transaction during the year | Balance outstanding at the end of the year | Relationship with the struck off Company, if any, to be disclosed |
|---|---|---|---|---|
| Parim Infocomm Private Limited | Trade receivables | 0.10 | 0.08 | None |

Below are details of investment, receivable, payable and any other transactions outstanding with stuck off companies for the period ended March 31, 2022:

| Name of stuck off company | Nature of other outstanding balances | Transaction during the year | Balance outstanding at the end of the year | Relationship with the struck off Company, if any, to be disclosed |
|---|---|---|---|---|
| Parim Infocomm Private Limited | Trade payables | 1.17 | 0.12 | None |

**39 Other Statutory Information**

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period,

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) (A) The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(v) The Company has not made any such 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)

(vi) The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

**40 Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**(i) Ind AS 1 – Presentation of Financial Statements -** The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**(ii) Ind AS 12 – Income Taxes** – The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is in process of evaluating this amendment.

**(iii) Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors –** The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company has evaluated the amendment and there is no impact on its financial statements."

**41 Compliance with section 143(3) for maintenance of books of account**

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis. The status of compliance for each of its locations and for all the IT applications are summarised in the below table:

| Requirements u/s 143(3) of Companies Act, 2013 | Foreign Branches | India operations | India operations - Employee reimbursement system |
|---|---|---|---|
| Books of Account maintained on cloud/ servers physically located in India | No | Yes | No |
| Backup maintained in India on daily basis | No | Yes | No |

The Company will take appropriates measures to comply with regulations.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Thermax Instrumentation Limited**

**Ravindra Advani**
Director
DIN: 01677195

**Rajendran Arunachalam**
Director
DIN: 08446343

**Ramachandra Bharathi**
Manager

**Sudhir Lale**
Company Secretary

Place: Pune
Date: May 11, 2023

# Thermax Onsite Energy Solutions Limited

***Board of Directors***

Ashish Bhandari
Hemant Mohgaonkar
Rajendran Arunachalam
Sanjay Parande (Independent Director upto April 27, 2023)
Sundar Parthasarathy (Independent Director upto March 30, 2023)

***Registered Office***

Thermax House, 14, Mumbai-Pune Road,
Wakdewadi, Pune - 411003

***Auditors***

SRBC & Co. LLP
Chartered Accountants
C-401, Panchshil Tech Park, Yerwada, Pune-411006, India

***Key Managerial Personnel***

Deepak Joshi (Chief Financial Officer)
Khushboo Bhatia (Chief Executive Officer)
Gunjan Chandratre (Company Secretary upto December 26, 2022)
Kajal Kabra (Company Secretary w.e.f. January 27, 2023)

***Bankers***

HSBC Bank
ICICI Bank

***Corporate Office***

Eco House, Plot No D-13 R.D. Aga Road,
MIDC Sec 2 Industrial Area,
MIDC Chinchwad, Pune – 411019

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors present the Fourteenth Annual Report of the company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

(Rs. in Lakh)

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Total income | **34,821.14** | 21,800.27 |
| Profit before depreciation and interest | **2,688.54** | 2,097.47 |
| Depreciation | **72.34** | 45.41 |
| Interest | **517.81** | 218.78 |
| Profit before tax | **2,098.39** | 1,833.28 |
| Provision for taxation (incl. deferred tax) | **499.46** | 482.08 |
| Profit after tax | **1,598.93** | 1,351.20 |

**STATE OF COMPANY'S AFFAIRS**

During the year, the company earned a total income of Rs 34,821.14 lakh (previous year Rs. 21,800.27 lakh). Profit before tax stood at Rs. 2,098.39 lakh (previous year Rs. 1,833.28 lakh) and profit after tax was Rs. 1598.93 lakh (previous year Rs. 1,351.20 lakh).

The company registered revenue of Rs. 34,790.64 lakh as increase of 60% over last year. The company continued its growth trajectory and registered a 17% growth in orders. Order balance increased by Rs. 11,290.17 lakh at 50,971.05 lakh. The repeat orders reflect the confidence posed by the customers in the company. Through the orders won for the fiscal year 2022-23, the company added new accounts to its customer base.

During the Financial Year 2022-23, the company successfully executed its first biomass-based cogeneration in Karnataka for an aluminum major. The company commissioned a Zero Liquid Discharge plant for recycled water supply to an Indian Steel major in Uttar Pradesh, biomass boiler plants for steam supply to a Pharma major in Gujarat and two solar PV plants for power supply to two Chemical companies in Gujarat.

With more reputed companies choosing to practice sustainability and focusing on achieving their net-zero goals, it is expected to create opportunities for supply of biomass-based energy, treated water as well as zero liquid discharge and desalination projects. The company, in line with its globalization strategy continued concentrated efforts in offering outsourced utilities in the South East Asia and South Asia market.

**HEALTH AND SAFETY**

The company has ensured focused and continuous improvement on its Safety, Health & Environment during FY 2023. The company successfully completed recertification of ISO 45001:2018 for Safety and ISO 14001:2015 for Environment Management System through DNV during last year. The company implemented Behaviour Based Safety (BBS) for improving the safety culture across sites, while continuing with operation safety campaigns such as near miss reporting, reduction in slip and fall, monsoon safety, Lock-Out-Tag-Out (LOTO) campaign, etc. to enhance awareness towards safety.

The company has implemented new initiatives to improve safety metrics across its sites including automation of manual activities. Celebrations were conducted across sites for World Environment Day, 52nd National Safety Week and Road Safety Week. The company received appreciation for promoting safety culture and providing services with zero accidents from ITC Food Division, Marico Limited, Tata Steel Limited and Malladi Drugs and Pharmaceuticals Limited. Improvements were observed across various safety indices like LTIFR, LTI free days and safe manhours (1.6 million safe manhours achieved).

**MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the company.

**DIVIDEND**

The directors do not recommend any dividend on equity shares during year.

**AMOUNT PROPOSED TO BE CARRIED TO RESERVES**

The company does not propose to carry any amount to reserves.

**SHARE CAPITAL**

The Paid up share capital of the company is Rs. 7,228 lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

**DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES/ SUBSIDIARIES**

The Company has wholly owned subsidiary named Enernxt Private Limited. The annual accounts of the subsidiary company and related detailed information are available to the shareholders of the holding and subsidiary company as well as to the statutory authorities. On request, these documents will be made available for inspection at the Company's corporate office.

**PUBLIC DEPOSITS**

The company has not accepted any deposits under Chapter V of the Companies Act, 2013.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the company did not give any loan or make an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

**VIGIL MECHANISM /WHISTLE BLOWER POLICY**

The Company has a vigil mechanism named 'Whistleblower Policy' to deal with instances of fraud and mismanagement. The Audit Committee of the Company looks after the whistle blower mechanism and thus direct access to the Chairman of the Audit Committee in exceptional or appropriate cases would be provided in the said mechanism.

**BUSINESS RISK MANAGEMENT**

The company is engaged in the business of providing environment friendly utilities (steam, heat, water, chilled water and others) to its customers. Risk is affected by macro-economic factors like interest rates, crude oil prices, forex currency fluctuations, electricity and other energy prices and their availability. It is also susceptible directly and indirectly to govt. policies related to renewable energy and conservation of natural resources. Global trends which affect customer's industries also tend to have a cascading effect on the company's business.

The company follows a structured risk management process supported by a Risk Management framework to manage risks emanating from external factors and internal actions. Risk Management is ingrained in the operations of the various functions of the company. During the year the company conducted company-wide risk management reviews at regular intervals to ensure compliance to its Risk Management framework and to identify areas for improving the same.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Internal controls are reviewed by Internal Audit Department of the holding company on a periodical basis. All significant and material observations emerging out of Internal Audit are regularly reported to the Audit Committee of the Board and follow-up measures are taken.

**POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The Board had adopted a policy on selection and appointment of Directors and remuneration of Directors, KMPs and employees. The Directors do not receive any remuneration except independent directors who are entitled to sitting fees as approved by the Board for each Board/Committee meeting attended. A detailed policy is annexed herewith as Annexure 1 and forms part of this report.

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

As a part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects mainly in the area of education and Covid Relief. The projects are in accordance with Schedule VII of the Companies Act, 2013. The CSR initiatives have been undertaken through Thermax Foundation. The detailed report on CSR is annexed as Annexure 2.

**KEY MANAGERIAL PERSONNEL (KMP)**

During the year, the following changes took place in the Key Managerial Personnel(s) of the Company. Ms. Gunjan Chandratre, Company Secretary and KMP resigned with effect from December 26, 2022 and Ms. Kajal Kabra was appointed as Company Secretary and KMP with effect from January 27, 2023.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Ashish Bhandari (DIN: 05291138), Director retires by rotation and being eligible, offers himself for re-appointment.

**INDEPENDENT DIRECTORS**

Mr. Sundar Parthasarathy (DIN: 00119337) and Mr. Sanjay Parande (DIN: 07161299) who were appointed as an Independent Directors for the period of 5 years, ceased to be an Independent Directors of the Company with effect from the closure of business hours of March 30, 2023 and April 27, 2023 respectively pursuant to completion of their second term as an Independent Directors.

**BOARD MEETINGS**

The Board met five times on May 10, 2022, July 26, 2022, November 2, 2022, January 27, 2023 and March 30, 2023 during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Details of meetings attended by the members are as follows:

| Board members | Number of meetings attended |
|---|---|
| Mr. Sanjay Parande | 5 |
| Dr. Sundar Parthasarathy | 5 |
| Mr. Rajendran Arunachalam | 4 |
| Mr. Hemant Mohgaonkar | 3 |
| Mr. Ashish Bhandari | 3 |

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have 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 and of the profit and loss of the company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**SECRETARIAL STANDARDS**

The Company follows the Secretarial Standards issued by the Institute of Company Secretaries of India on the Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2). The Company is in compliance with these secretarial standards.

**COMMITTEES OF THE BOARD**

The Board has constituted following committees viz. Audit Committee and Nomination and Remuneration Committee.

**AUDIT COMMITTEE**

The constitution of the Committee meets the requirements of Section 177 of the Companies Act, 2013. Further, all the recommendations made by the committee are approved by the Board.

The Committee met five times during the year on May 10, 2022, July 26, 2022, November 2, 2022 January 27, 2023 and March 30, 2023. The Committee comprises of 3 (Three) members all being non-executive Directors namely Mr. Sanjay Parande (Chairman), Dr. Sundar Parthasarathy and Mr. Rajendran Arunachalam. Details of meetings attended by the members are as follows:

| Committee members | Number of meetings attended |
|---|---|
| Mr. Sanjay Parande (Chairman) | 5 |
| Dr. Sundar Parthasarathy | 5 |
| Mr. Rajendran Arunachalam | 4 |

**NOMINATION AND REMUNERATION COMMITTEE**

The constitution of the Committee meets the requirements of Section 178 of the Companies Act, 2013. The Committee met twice during the year on July 26, 2022 and January 27, 2023 where all the members were present. The Committee comprises of 3 (Three) members, all being non-executive Directors namely Dr. Sundar Parthasarathy (Chairman), Mr. Sanjay Parande and Mr. Hemant Mohgaonkar.

**BOARD EVALUATION**

Annual evaluation of the Board was conducted during the year.

**RELATED PARTY TRANSACTIONS**

All related party transactions were entered into with the approval of the Audit Committee. During the financial year 2022-23, the company has entered into the transactions with related parties which were at arm's length but not in the ordinary course of business and for such related party transactions the approval of the Board of Directors was taken in compliance with the Companies Act, 2013. There were no materially significant transactions entered by the company with the related parties which may have a potential conflict with the interest of the company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

**CONSERVATION OF ENERGY**

The company is in the business of providing utilities generated through renewable energy sources to its clients. This activity directly helps its clients to reduce their Carbon Footprint.

**TECHNOLOGICAL ABSORPTION**

There was no technology acquisition and absorption during the year under review.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pertaining to foreign exchange earnings and outgo, under Section 134(3)(m) of the Companies Act, 2013 is as follows:

| | (Rs. in lakh) |
|---|---|
| Foreign exchange earnings | NIL |
| Foreign exchange outgo | 0.64 |

**PARTICULARS OF EMPLOYEES**

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The company is committed to provide a safe and conducive work environment to its employees. The Company has constituted Prevention of Sexual Harassment (POSH) Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

**STATUTORY AUDITORS**

SRBC & CO. LLP Chartered Accountants (Firm Registration No.324982E/ E300003) have been appointed as Statutory Auditors of the Company for a period of Five years commencing from the conclusion of 10th Annual General Meeting (AGM) until the conclusion of the 15th Annual General Meeting.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

**COST AUDITORS**

In terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, have been appointed as the cost auditors of the Company for FY 2022-23.

**COST RECORDS**

The maintenance of cost records as specified under Section 148 of the Act, is applicable to the Company and accordingly all the cost records are made and maintained by the Company and audited by the cost auditors.

**SECRETARIAL AUDITORS**

In accordance with the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Amit Jaste & Associates, Company Secretaries, Mumbai, to undertake the secretarial audit of the Company for FY 2022-23.

The Secretarial Audit Report for FY 2022-23 is attached as Annexure 3. The Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

**DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)**

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Act.

**RESTRICTION ON PURCHASE BY COMPANY OR GIVING OF LOANS BY IT FOR PURCHASE OF ITS SHARES**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company its Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

**THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016. During the year there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

**ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for the support extended by the company's customers, vendors and bankers during the year and look forward to their continued support in the future as well.

**For and on behalf of the Board of Directors of**
**Thermax Onsite Energy Solutions Limited**

| | | |
|---|---|---|
| | **Rajendran A.** | **Hemant Mohgaonkar** |
| Place: Pune, | Director | Director |
| Date: May 09, 2023 | DIN: 08446343 | DIN: 01308831 |

**POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KMPS AND EMPLOYEES**

The Nomination & Remuneration Committee (NRC) has prepared a "Terms of Reference" (TOR), which, inter alia, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, and also qualifications and determining the independence of Directors. The NRC has also decided to follow the standard policies framed at the holding company. It was also decided that considering the nature of business of the company and other practical nuances involved, it would be worthwhile and necessary to customize those standard policies accordingly to suit the needs and aspirations of the company and its employees. This Policy is based on the above TOR of NRC:

**(1) Criteria for selection and appointment of Directors:**

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the company to discharge the duties as a Director.

(b) While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.

(c) Assess the independence, nature of the appointment as Director vis-à-vis any conflict of interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) The tenure/term of the Director shall be as per the terms of appointment.

(f) In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

**(2) Remuneration:**

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees. The Independent Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings. Non- Executive Directors are nominated by the holding company and do not receive any remuneration or sitting fees.

The overall remuneration shall be in accordance with Sec. 197 and other applicable provisions & rules made thereunder from time to time.

**(3) Remuneration Policy for Senior Management, KMPs and employees:**

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure to follow holding company's criteria as some of the KMPs are designated by the holding company:

(i) The remuneration is divided into Fixed component &Variable component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the company's performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management/ employees which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives and business deliverables. Actual performance of individual Reportee will be discussed by their functional heads at the year end. Based on the appraisal and overall performance of the company and after considering the market trends, suitable increments/ variable pay shall be decided by the holding company.

**ANNEXURE 2**

**ANNUAL REPORT ON CSR ACTIVITIES AND CSR POLICY**

**CSR REPORT FOR THE FINANCIAL YEAR 2022-23**

**1. Brief outline on CSR Policy of the Company**

Thermax Onsite Energy Solutions Limited is a wholly owned subsidiary of Thermax Limited, an engineering company operating in the critical areas of energy & environment, is committed to contribute to the welfare of the community in which it is situated. Being a wholly owned subsidiary of Thermax Limited, it has been decided that the CSR policy of the company will be aligned with the CSR policy of Thermax Limited and the CSR activities of the company shall be conducted through Thermax Foundation (TF).

**2. Composition of CSR Committee:**

Pursuant to the Companies Amendment Act, 2020 and notification dated January 22, 2021, where the amount spent by a company on CSR does not exceed fifty lakh rupees the requirement for constitution of the CSR Committee should not be applicable. Therefore, since the CSR contribution made by the Company for the FY 2022-23 did not exceed Rs. 50 lakhs, CSR committee will be not applicable.

| | | |
|---|---|---|
| 3. | Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company | **https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/** |
| 4. | Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable (attach the report). | **NA** |

5. (a) Average net profit of the company as per sub-section (5) of section 135: **Rs 15,77,50,000.**

   (b) Two percent of average net profit of the company as per sub-section (5) of section 135: **Rs. 31,55,000.**

   (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **NA**

   (d) Amount required to be set-off for the financial year, if any: **NA**

   (e) Total CSR obligation for the financial year [(b)+(c)- (d)]: **Rs. 31,55,000.**

6. (a) Amount spent on CSR Projects (both ongoing projects and other than ongoing projects): **Rs. 31,55,000.**

   (b) Amount spent in Administrative Overheads: **Nil**

   (c) Amount spent on Impact Assessment, if applicable: **NA**

   (d) Total amount spent for the Financial Year [(a)+(b) +(c)]: **Rs. 31,55,000**

   (e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| **Rs. 31,55,000** | **Not Applicable** | | | | |

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

| Sl. No. | Particulars | Amount (in Rs.) |
|---|---|---|
| **(i)** | Two percent of average net profit of the company as per sub-section (5) of section 135 | 31,55,000 |
| (ii) | Total amount spent for the Financial Year | 31,55,000 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | - |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | - |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| 1 | 2 | 3 | 4 | 5 | 6 | | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in Rs) | Deficie ncy, if any |
| | | | | | Account under sub- section (6) of section 135 (in Rs.) | Amount (in Rs.) | | |
| NIL | | | | | | | | |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

○ Yes ⊘ No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pin code of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | | |
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| Not Applicable | | | | | | | |

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub section (5) of section 135.

Place: Pune
Date: May 9, 2023

**Khushboo Bhatia**
**(Chief Executive Officer)**

**Rajendran A.**
**(Chairman of the Board)**

*ANNEXURE-3 TO THE DIRECTORS' REPORT*

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**Thermax Onsite Energy Solutions Limited**
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Onsite Energy Solutions 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 31st March, 2023 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(not applicable to the Company during the Audit period)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(not applicable to the Company during the Audit period)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment; **(not applicable to the Company during the Audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **(Following sub-clauses (a) to (h) are not applicable to the Company during the Audit period as Company continues to be a Unlisted Public Company in its Articles under Section 2(71) of the Act)**

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

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

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

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

(vi) Following important specific laws applicable to the Company, as confirmed by the Company:

(i) The Boilers Act, 1923 (ii)The Environment (Protection) Act, 1986 (iii) The Contract Labour (Regulation and Abolition), Act 1970.

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

(i) Secretarial Standards (SS.1 relating to meetings of Board of Directors & SS.2 relating to General Meetings) issued by the Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except when meetings were called at shorter notice as permitted u/s. 173(3) of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of Board of Directors or Committee of Board as the case maybe.

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

I further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc; except as follows:

- Ordinary Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 15th February 2023 for Increase in Authorized Capital from Rs. 100 Crores to Rs. 150 crores.

- Board of Directors, at its meeting held on March 30,2023 has approved proposal for Purchase of the shares of Thermax Energy & Environment Lanka (Pvt) Ltd. (TEELK) from Thermax Engineering Singapore PTE Ltd (Singapore), and further investment in TEELK, post acquisition.

**For Amit Jaste & Associates**
**Practising Company Secretaries**

**Amit Jaste** — **FCS No.:7289**
**Proprietor** — **CP No.:12234**

Date: 09 / 05 /2023
Place: Mumbai

**UDIN: F007289E000246440**

**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.**

**ANNEXURE A**

To,
The Members,
**Thermax Onsite Energy Solutions Limited**
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

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

1) Maintenance of secretarial records 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 representation about the compliance of laws, rules and regulations and happening of events, etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of 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 Amit Jaste & Associates**
**Practising Company Secretaries**

| | |
|---|---|
| **Amit Jaste** | **FCS No.:7289** |
| **Proprietor** | **CP No.:12234** |

Date: 09/ 05 /2023
Place: Mumbai

**UDIN: F007289E000246440**

# Thermax Onsite Energy Solutions Limited

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Thermax Onsite Energy Solutions Limited

**Report on the Audit of the Standlone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Thermax Onsite Energy Solutions Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year. Then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

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

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

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

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

- 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 standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that, the backup of certain books and records (i.e. employee reimbursement system) maintained in electronic mode has not been maintained on servers physically located in India on daily basis as mentioned in Note 40 of the financial statements;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

   (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph (b) above

   (g) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company does not have any pending litigations which would impact its financial position;

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

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

      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures that were 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 (a) and (b) contain any material misstatement.

      (v) No dividend has been declared or paid during the year by the Company.

      (vi) As proviso to rule 3(1) of the Companies (Accounts) Rules 2014 is applicable for the company only w.e.f. April 1, 2023 reporting under this clause is not applicable.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKR1303
Place of Signature: Pune
Date: May 09, 2023

**"Annexure 1" referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Report of even date.**

**Re: Thermax Onsite Energy Solutions Limited ('the Company')**

i. (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(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 intangibles assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of physical verification over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are 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 management has conducted physical verification of inventory at reasonable intervals during the year (except material and other components which are to be leased to customers under finance lease arrangements) and no material discrepancies noted on such physical verification. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

iii. (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the company has not made investment, provided guarantees, provided security and granted loans and advances in the nature of loans to companies firms, limited liability partnerships or other parties according requirement to report on clause 3(iii)(b) of the order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantee and security in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service of 'Inorganic chemicals and organic chemicals', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other statutory dues applicable to it. The provisions relating to sales tax, service tax, duty of excise and value added tax are not applicable to this Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of goods and services tax, provident fund, income-tax, cess and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short term basis have been used for long term purposes by the Company.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or meet the obligations of its subsidiary.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the company.

(xi) (a) No material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 36 to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 26(c) to the standalone financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 26(c) to the standalone financial statements.

(xxi) The Company has elected to apply the exemption available for consolidation under Ind AS 110. This matter has been disclosed in note 38 to the standalone financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKR1303
Place of Signature: Pune
Date: May 09, 2023

**Annexure 2 referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date**

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

We have audited the internal financial controls with reference to standalone financial statements of **Thermax Onsite Energy Solutions Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("ICAI"). 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these standalone financial statements was 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 these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the 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 these standalone financial statements.

**Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Standalone Financial Statements**

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

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKR1303
Place of Signature: Pune
Date: May 09, 2023

## Balance Sheet as at 31.03.2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **I. Non-current assets** | | | |
| Property, plant and equipment | 4 | 162.32 | 672.23 |
| Intangible assets | 5 | 3.83 | 7.83 |
| Investments in subsidiary | **6** | 2,363.00 | 2,363.00 |
| Financial assets: | | | |
| (a) Lease receivable | 8 (a) | 10,541.15 | 8,588.88 |
| (b) Other financial assets | 8 (b) | 3.63 | 3.63 |
| Other non-current assets | 10 | 273.53 | - |
| **Total non-current assets** | | **13,347.46** | **11,635.57** |
| **II. Current assets** | | | |
| Inventories | 11 | 8,870.91 | 7,882.69 |
| Financial assets: | | | |
| (a) Trade receivables | 7 | 3,199.90 | 2,918.83 |
| (b) Cash and bank balances | 12 | 1,042.75 | 914.15 |
| (c) Lease receivable | 8 (a) | 2,045.31 | 1,572.70 |
| (d) Other financial assets | 8 (b) | 1,260.74 | - |
| Income tax asset (net) | | 81.82 | 42.68 |
| Other current assets | 10 | 3,276.67 | 2,336.00 |
| **Total current assets** | | **19,778.10** | **15,667.05** |
| **Total assets** | | **33,125.56** | **27,302.62** |
| **Equity and liabilities** | | | |
| **III. Equity** | | | |
| Equity share capital | 13 | 7,228.00 | 7,228.00 |
| Other equity | 14 | 8,189.50 | 6,631.41 |
| **Total equity** | | **15,417.50** | **13,859.41** |
| **IV. Non-current liabilities** | | | |
| Financial liabilities | | | |
| (a) Borrowings | 15 (a) | 7,334.62 | 5,170.69 |
| (b) Other financial liabilities | 17 | 1,566.12 | 1,522.56 |
| Deferred tax liabilities (net) | 9 | 20.19 | 106.17 |
| Other non-current liabilities | 19 | 2,105.80 | 1,916.04 |
| **Total non-current liabilities** | | **11,026.73** | **8,715.46** |
| **V. Current liabilities** | | | |
| Financial liabilities | | | |
| (a) Borrowings | 15 (b) | 1,759.92 | 607.34 |
| (b) Trade payables | 16 | | |
| i. total outstanding dues of micro enterprises and small enterprises | | 964.40 | 194.85 |
| ii. total outstanding dues of creditors other than micro enterprises and small enterprises | | 1,813.48 | 2,774.40 |
| (c) Other financial liabilities | 17 | 731.59 | 199.66 |
| Other current liabilities | 19 | 1,185.52 | 719.59 |
| Provisions | 18 | 170.99 | 126.95 |
| Liabilities for current tax (net) | | 55.43 | 104.96 |
| **Total current liabilities** | | **6,681.33** | **4,727.75** |
| **Total equity and liabilities** | | **33,125.56** | **27,302.62** |
| Summary of significant accounting policies. | 2 | | |
| Summary of significant accounting judgements. estimates and assumptions | 3 | | |

The accompanying notes are an integral part of the standalone financial statements.

## Statement of profit and loss for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 20 | 34,790.64 | 21,776.36 |
| Other income | 21 | 30.50 | 23.91 |
| **Total Income (I)** | | **34,821.14** | **21,800.27** |
| **Expenses** | | | |
| Cost of raw materials and components consumed | 22 (a) | 27,904.58 | 21,015.42 |
| Purchase of traded goods | 22 (b) | 522.29 | 124.54 |
| Changes in inventories of work-in-progress /traded goods | 22 (c) | (679.05) | (4,588.90) |
| Employee benefits expense | 23 | 1,138.54 | 918.84 |
| Finance cost | 24 | 517.81 | 218.78 |
| Depreciation and amortisation expense | 25 | 72.34 | 45.41 |
| Other expenses | 26 (a) | 3,246.24 | 2,232.90 |
| **Total expenses (II)** | | **32,722.75** | **19,966.99** |
| **Profit before tax (III) = (I-II)** | | **2,098.39** | **1,833.28** |
| **Tax expense** | | | |
| Current tax | 9 | 626.63 | 521.89 |
| Adjustment of tax relating to earlier period | 9 | (38.95) | - |
| Deferred tax (net) | 9 | (88.22) | (39.81) |
| **Total tax expense (IV)** | | **499.46** | **482.08** |
| **Profit for the year (V) = (III-IV)** | | **1,598.93** | **1,351.20** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement of defined benefit plans | 29 | 8.90 | (4.31) |
| Less: Income tax effect | 9 | (2.24) | 1.08 |
| **Net other comprehensive income for the year (net of tax) (VI)** | | **6.66** | **(3.23)** |
| **Total comprehensive income for the year (VII)= (V+VI)** | | **1,605.59** | **1,347.97** |
| Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2022: Rs. 10/-)] | 27 | **2.21** | **3.08** |
| Summary of significant accounting policies | 2 | | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | | |

The accompanying notes are an integral part of the standalone financial statements.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No: 135859

Date: May 9, 2023
Place: Pune

**For and on behalf of the Board of Directors of Thermax Onsite Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN: 01308831

**Khushboo Bhatia**
Chief Executive Officer

**Kajal Kabra**
Company Secretary

**Deepak Joshi**
Chief Financial Officer

Date: May 9, 2023
Place: Pune

# Thermax Onsite Energy Solutions Limited

## Cash flow statement for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs , except stated otherwise)*

| | Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| **A)** | **Cash flows from operating activities** | | | |
| | Profit before tax | | 2,098.39 | 1,833.28 |
| | **Adjustments to reconcile profit before tax to net cash flows** | | | |
| | Adjustments to reconcile profit before tax to net cash flows | | | |
| | Depreciation and amortisation expense | 25 | 72.34 | 45.41 |
| | Interest expenses | 24 | 328.06 | 96.26 |
| | Unwinding of discount | 24 | 189.75 | 122.52 |
| | (Profit) on sale of assets (net) | 21 | (35.14) | (5.06) |
| | Amortisation of prepaid lease rental | 20 (a) | (190.37) | (154.51) |
| | Interest income | 21 | (28.90) | (13.14) |
| | **Working capital adjustments** | | | |
| | Increase in trade receivables | | (281.07) | (1,733.73) |
| | Increase in inventories | | (731.53) | (4,823.60) |
| | Increase in other non-current financial assets | | - | (3.63) |
| | Increase in other assets | | (1,214.21) | (562.49) |
| | (Increase) / Decrease in other financial assets | | (1,260.74) | 0.21 |
| | Increase / (Decrease) in trade payables | | (191.37) | 635.39 |
| | Increase in other liabilities | | 846.06 | 428.90 |
| | Increase in provisions | | 52.94 | 20.49 |
| | Increase in other financial liabilities | | 385.74 | 375.00 |
| | **Cash generated (used in)/ from operations** | | **39.95** | **(3,738.70)** |
| | Direct taxes paid (net of refunds received) | | (676.34) | (476.60) |
| | **Net cash flows used in operating activities** | | **(636.39)** | **(4,215.30)** |
| **B)** | **Cash flows from/ (used in) investing activities** | | | |
| | Sale/ (Purchase) of Property, plant and equipment (net) | | 476.71 | (554.96) |
| | Net movement in finance lease receivables | | (2,381.44) | (2,917.77) |
| | Investment in subsidiary | | - | (2,363.00) |
| | Interest received | | 28.90 | 13.14 |
| | Proceeds from fixed deposits | | - | 195.55 |
| | **Net cash flows (used in) investing activities** | | **(1,875.83)** | **(5,627.04)** |
| **C)** | **Cash flows from/ (used in) financing activities** | | | |
| | Proceeds from issue of share capital | | - | 3,000.00 |
| | Proceeds from borrowings | | 4,852.73 | 4,893.00 |
| | Repayment of borrowings | | (1,571.87) | (303.00) |
| | Interest paid | | (592.54) | (74.50) |
| | Transaction cost for increase in share capital | | (47.50) | (28.50) |
| | **Net cash flows from financing activities** | | **2,640.82** | **7,487.00** |
| | **Net (decrease)/ increase in cash and bank balances** | | **128.60** | **(2,355.34)** |
| | Cash and bank balances at the beginning of the year | | 914.15 | 3,269.49 |
| | **Cash and bank balances at the end of the year** | | **1,042.75** | **914.15** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | Note No. | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Cash and bank balances | 12 (a) | 1,042.75 | 914.15 |
| **Balances as per statement of cash flows** | | **1,042.75** | **914.15** |

## Statement of changes in Equity for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

**A Equity Share Capital^**

| Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the reporting year | 13 | 7,228.00 | 4,228.00 |
| Changes in equity shares capital during the year | 13 | - | 3,000.00 |
| Balance at the end of the reporting year | 13 | **7,228.00** | **7,228.00** |

**B Other Equity^**

| Particulars | Reserves & Surplus | |
|---|---|---|
| | Retained Earnings | Total |
| **As at April 1, 2021** | **5,311.94** | **5,311.94** |
| Profit for the year | 1,351.20 | **1,351.20** |
| Other Comprehensive Income | (3.23) | (3.23) |
| **Total comprehensive income** | **1,347.97** | **1,347.97** |
| Transaction cost for increase in share capital | (28.50) | (28.50) |
| **As at March 31, 2022** | **6,631.41** | **6,631.41** |
| Profit for the year | 1,598.93 | **1,598.93** |
| Other Comprehensive Income | 6.66 | 6.66 |
| **Total comprehensive income** | **1,605.59** | **1,605.59** |
| Transaction cost for increase in share capital | (47.50) | (47.50) |
| **As at March 31, 2023** | **8,189.50** | **8,189.50** |

^There are no adjustments on account of prior period errors or due to changes in accounting policies.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No: 135859

Date: May 9, 2023
Place: Pune

**For and on behalf of the Board of Directors of**
**Thermax Onsite Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN: 01308831

**Khushboo Bhatia**
Chief Executive Officer

**Kajal Kabra**
Company Secretary

**Deepak Joshi**
Chief Financial Officer

Date: May 9, 2023
Place: Pune

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

## 1. Corporate information

Thermax Onsite Energy Solutions Limited ('the Company') is a public company incorporated and domiciled in India. The Company offers sustainable solutions, essentially renewable in nature, for utilities namely steam, heat, chilled water (Cooling), Water and Wastewater, Power and Combined Heat and Power, through outsourced utility delivery services based on the Build-Own-Operate/Transfer (BOO/T) business model. The Company currently only caters to the domestic market. The CIN of the Company is U40109PN2009PLC134659. These standalone financial statements were authorized for issue in accordance with the resolution by the Board of Directors on May 9, 2023.

### 2. Significant accounting policies

### 2.1. Basis of preparation and measurement

**(a) Basis of preparation**

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Act) as applicable to the standalone financial statements.

The preparation of the standalone financial statements requires the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in Note 3.

**(b) Basis of measurement**

The standalone financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments); and
- Defined benefit plans whereby the plan assets are measured at fair value.

### 2.2. Changes in accounting policies and disclosures

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

**(a) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37**

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

There is no material impact on financial statements of the Company.

**(b) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Ind AS 16**

The amendments modified paragraph 17(e) of Ind AS 16 to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

The amendments are effective for annual reporting periods beginning on or after 1 April 2022. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

**(c) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Several other amendments and interpretations apply for the first time in the year ended March 31, 2023, but do not have a material impact on financial statements of the Company.

### 2.3 Summary of significant accounting policies

**a. Current and non-current classification**

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**b. Foreign currencies**

The Company's standalone financial statements are prepared in INR, which is the also the functional currency of the Company.

**c. Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

*(All amounts in Rupees lakh, unless otherwise stated)*

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 3)
- Quantitative disclosures of fair value measurement hierarchy (note 31)
- Financial instruments (including those carried at amortized cost) (note 5, 6, 7, 8, 15, 16, 17 and 31)

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**d. Property, Plant and Equipment**

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment | 7.5 to 10 | 15 to 20 |
| Office equipment | 15 | 15 |
| Computers and data processing units | 3 to 6 | 3 to 6 |
| Vehicles | 6 to 10 | 8 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**e. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

A summary of amortization rates applied to the Company's intangible assets is as below:

| Asset category | Life (years) |
|---|---|
| Computer software | 3 to 5 |

**f. Revenue recognition**

Raw materials are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of raw materials is arrived at on the basis of weighted average cost.

Work in progress inventory is valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

***i. Revenue from contract with customer***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The Company identifies distinct performance obligations in each contract. The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. Since the consideration is inclusive of the lease component, the stand-alone selling price is not directly observable. Hence, the Company estimates the standalone selling price by considering all the information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the Company.

Revenue from sale of utilities is recognised at the point in time when control of the asset is transferred to the customer, generally on supply of the utilities. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

The Company has identified maintenance of leased assets as separate performance obligation. Revenue for such obligation is recognized over the period in which the service is provided based on the actual expenditure incurred.

**Rights of return**

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price. A refund liability is recognized for the goods that are expected to be passed on. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

**Contract balances**

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

**Refund liabilities**

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

***ii. Interest Income***

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

**g. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories by the Company:

***Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, lease receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or payables as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, employee payables and trade deposits. Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. All the financial liabilities of the Company are classified under the amortised cost category. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part of EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**h. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**i. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

**j. Income tax**

**Current income-tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

**k. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**l. Leases**

**Company as a lessee**

The Company's leases primarily consist of leases for buildings and office equipment's. The Company assesses whether a contract contains a lease, at inception of a contract. 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.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease. The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices.

At the inception of the lease, a Company recognize the following for each of its finance leases:

(a) revenue being the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest;

(b) the cost of sale being the cost, or carrying amount if different, of the underlying asset less the present value of the unguaranteed residual value; and

(c) selling profit or loss (being the difference between revenue and the cost of sale) in accordance with its policy for outright sales.

**m. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount. These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

**n. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**o. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**p. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has identified the Chief Executive Officer as the chief executive decision maker of the Company.

**q. Contingent liability**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**r. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**s. Dividends**

Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognized as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

## 3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### 3.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the standalone financial statements:

**i. Determining whether an arrangement contains a lease and its classification**

A significant portion of the Company's business relates to leasing of assets under various arrangements. This requires the management to make judgements with respect to whether the arrangement contains a lease based on the substance of the arrangement and an assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Company is also required to assess whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to classify the same as finance leases requiring significant judgements.

**ii. Segment reporting**

Ind AS 108 'Operating Segments' requires Management to determine the reportable segments for the purpose of disclosure in standalone financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Company has determined that the CODM is the Chief Executive Officer, based on its internal reporting structure and functions of the Company. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Board of Directors to assess performance and allocate resources. The management has determined that some of the segments exhibit similar economic characteristics and meet other aggregation criteria and accordingly aggregated into one reportable segment i.e. energy and allied services.

### 3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Segregation of lease and non-lease components of the consideration**

For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract in accordance with Ind AS 115. The standard requires allocation of the transaction price to each performance obligation (or distinct good or service) in a way that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer. This requires the management to make significant estimates around the amount of consideration to which the entity expects to be entitled.

The Company allocates the transaction price to each performance obligation on a relative stand-alone selling price basis by determining the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. Since the consideration is inclusive of the lease component, the stand-alone selling price is not directly observable. Hence, the Company estimates the standalone selling price by considering all the information (including market conditions, entity-specific factors and information about the customer or class of customer) that is reasonably available to the Company.

*(All amounts in Rupees lakh, unless otherwise stated)*

Except when the Company has observable evidence in accordance with Ind AS 115 that the entire discount relates to only one or more, but not all, performance obligations in a contract, the Company allocates a discount proportionately to all performance obligations in the contract. The proportionate allocation of the discount in those circumstances is a consequence of the Company allocating the transaction price to each performance obligation on the basis of the relative standalone selling prices of the underlying distinct goods or services.

**ii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 29.

**iii. Maintenance cost**

These costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs and servicing cost of machinery installed at customer site. Management estimates the related provision for future maintenance costs based on historical incurred cost information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Refer note 19 for further details.

**iv. Useful lives of property, plant and equipment and intangible assets**

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates. Refer note 2.3(d) and 2.3(e) above for further details.

**v. Impact of COVID 19**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets such as investments, loans, receivables, unbilled revenues and inventories. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these standalone financial statements has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

**4 Property, plant and equipment**

| Particulars | Plant and equipment*^ | Office equipment | Computer | Vehicles | Total |
|---|---|---|---|---|---|
| **Gross carrying amount as at April 1, 2021** | **261.24** | **16.84** | **46.49** | **21.31** | **345.88** |
| Additions | 577.37 | 0.51 | 0.49 | - | 578.37 |
| Disposals | (34.14) | - | (8.73) | (13.05) | (55.92) |
| **Gross carrying amount as at March 31, 2022** | **804.47** | **17.35** | **38.25** | **8.26** | **868.33** |
| Additions | 25.22 | - | 37.55 | 11.17 | 73.94 |
| Disposals | (560.38) | - | (1.48) | - | (561.86) |
| **Gross carrying amount as at March 31, 2023** | **269.31** | **17.35** | **74.32** | **19.43** | **380.41** |
| **Closing accumulated depreciation as at April 1, 2021** | **148.46** | **1.73** | **33.76** | **8.41** | **192.36** |
| Charge for the year | 37.42 | 1.00 | 1.73 | 1.16 | 41.31 |
| Disposals | (23.79) | - | (8.29) | (5.49) | (37.57) |
| **Closing accumulated depreciation as at March 31, 2022** | **162.09** | **2.73** | **27.20** | **4.08** | 196.10 |
| Charge for the year | 55.71 | 1.10 | 9.92 | 1.61 | 68.34 |
| Disposals | (45.02) | - | (1.33) | - | (46.35) |
| **Closing accumulated depreciation as at March 31, 2023** | **172.78** | **3.83** | **35.79** | **5.69** | **218.09** |
| **Net Block as at March 31, 2023** | **96.53** | **13.52** | **38.53** | **13.74** | **162.32** |
| **Net Block as at March 31, 2022** | **642.38** | **14.62** | **11.05** | **4.18** | **672.23** |

*A portion of plant and equipment relates to assets categorised as assets leased on operating lease arrangements. Refer note 34 (b)
^Plant and equipments amounting to Rs. Nil (March 31, 2022: 550.44) had been hypothecated against borrowings, which is sold during current year. Refer note 15.
The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of Ind AS transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only.

*(All amounts in Rupees lakh, unless otherwise stated)*

## 5 Intangible Assets

| | Computer Software | Total |
|---|---|---|
| **Gross carrying amount as on April 1, 2021** | **14.70** | **14.70** |
| Additions | - | - |
| Disposals | - | - |
| **Gross carrying amount as on March 31, 2022** | **14.70** | **14.70** |
| Additions | - | - |
| Disposals | - | - |
| **Gross carrying amount as on March 31, 2023** | **14.70** | **14.70** |
| **Closing accumulated amortisation as at April 1, 2021** | **2.77** | **2.77** |
| Charge for the year | 4.10 | 4.10 |
| Disposals | - | - |
| **Closing accumulated amortisation as at March 31, 2022** | **6.87** | **6.87** |
| Charge for the year | 4.00 | 4.00 |
| Disposals | - | - |
| **Closing accumulated amortisation as at March 31, 2023** | **10.87** | **10.87** |
| **Net Block as at March 31, 2023** | **3.83** | **3.83** |
| **Net Block as at March 31, 2022** | **7.83** | **7.83** |

## 6 Investments in subsidiary

| | Face value | Number of units | | Amount | |
|---|---|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Investments in Equity Instruments:** | | | | | |
| Investments valued at cost (fully paid) | | | | | |
| Equity Shares in Subsidiaries (Unquoted) | | | | | |
| Enernxt Private Limited | Rs. 10 | 23,629,999 | 23,629,999 | 2,363.00 | 2,363.00 |
| **Total current investments** | | | | **2,363.00** | **2,363.00** |
| Aggregate amount of unquoted investments | | | | 2,363.00 | 2,363.00 |

## 7 Trade receivables

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables from: | | |
| i) Related parties (note 30) | 32.69 | 59.90 |
| ii) Others | 3,167.21 | 2858.93 |
| **Total** | **3,199.90** | **2,918.83** |
| **Sub-classification of trade receivables** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 3,199.90 | 2,918.83 |
| Trade receivables which have a significant increase in credit risk | - | - |
| Trade receivables - credit impaired | - | - |
| | **3,199.90** | **2,918.83** |
| Less: Impairment allowance | - | - |
| **Total** | **3,199.90** | **2,918.83** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

All outstanding balances are unsecured and repayable in cash. Trade receivables are non-interest bearing and are normally settled on credit terms of 7 to 45 days.

For terms and conditions relating to related party receivables, refer note 30.

**The ageing of current trade receivables which are due for receipt:**

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | |
| (i) Undisputed trade receivables- considered good | 2,705.58 | 476.07 | 18.10 | 0.15 | - | - | 3,199.90 |
| (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** | **2,705.58** | **476.07** | **18.10** | **0.15** | **-** | **-** | **3,199.90** |
| Less: impairment allowance | - | - | - | - | - | - | - |
| **Total** | **2,705.58** | **476.07** | **18.10** | **0.15** | **-** | **-** | **3,199.90** |

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | | |
| (i) Undisputed trade receivables- considered good | 1,651.40 | 1,261.86 | 5.57 | - | - | - | 2,918.83 |
| (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** | **1,651.40** | **1,261.86** | **5.57** | **-** | **-** | **-** | **2,918.83** |
| Less: impairment allowance | - | - | - | - | - | - | - |
| **Total** | **1,651.40** | **1,261.86** | **5.57** | **-** | **-** | **-** | **2,918.83** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

**8 (a) Lease receivable**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| **Unsecured, considered good** | | | | |
| **At amortized cost** | | | | |
| Finance lease receivables* | 10,541.15 | 8,588.88 | 2,045.31 | 1,572.70 |
| **Total** | **10,541.15** | **8,588.88** | **2,045.31** | **1,572.70** |

*Lease receivables amounting to Rs. 6,772.80 (March 31, 2022 Rs.2,282.52) have been hypothecated against borrowings. Refer note 15.

**8 (b) Other financial assets**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| **Unsecured, considered good** | | | | |
| **At amortized cost** | | | | |
| Security deposits | 3.63 | 3.63 | - | - |
| Unbilled revenue | - | - | 362.74 | - |
| Other Amount Recoverable | - | - | 898.00 | - |
| **Total** | **3.63** | **3.63** | **1,260.74** | **-** |

**9 Income Taxes**

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

**Statement of profit and loss**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Current tax | 626.63 | 521.89 |
| Adjustments in respect of Current income tax of previous year | (38.95) | - |
| Deferred tax (income)/ expense (Relating to obligations and reversal of temporary differences) | (88.22) | (39.81) |
| **Income tax expense reported in the statement of profit and loss** | **499.46** | **482.08** |

**Other comprehensive income**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax related to items recognised in other comprehensive income during the year | | |
| Net loss/(gain) on remeasurements of defined benefit plans | 2.24 | (1.08) |
| **Deferred tax credited in other comprehensive income** | **2.24** | **(1.08)** |

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accounting profit before tax | 2,098.39 | 1,833.28 |
| At India's statutory income tax rate of 25.17% (March 31, 2022: 25.17%) | 528.16 | 461.44 |
| Taxes from prior periods | (38.96) | - |
| Other differences (includes differences on account of CSR disallowances etc.) | 10.26 | 20.64 |
| **Effective tax** | **499.46** | **482.08** |
| **Income tax expense reported in the statement of profit or loss** | **499.46** | **482.08** |

**Deferred tax**

**Statement of profit and loss**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Consequence of differences in tax base of assets and finance lease receivables | 15.82 | (14.34) |
| On unearned revenue* | 57.21 | 55.17 |
| Others (impact on account of temporary differences) | 15.19 | (1.02) |
| **Deferred tax income** | **88.22** | **39.81** |

**Deferred tax**

**Balance sheet**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Consequence of differences in tax base of assets and finance lease receivables | (433.15) | (448.97) |
| On unearned revenue* | 417.75 | 360.54 |
| Others (impact on account of temporary differences) | (4.79) | (17.74) |
| **Net deferred tax liabilities** | **(20.19)** | **(106.17)** |

*includes revenue remaining unearned for the portion attributable to maintenance of leased equipment constructed at customer premises under finance lease arrangements.

**Reconciliation of deferred tax liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Opening balance** | 106.17 | 147.06 |
| Tax expense / (income) during the period recognised in profit or loss | (88.22) | (39.81) |
| Tax expense / (income) during the period recognised in OCI | 2.24 | (1.08) |
| **Closing balance** | **20.19** | **106.17** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## Notes to financial statements for the year ended March 31, 2023
*(All amounts in Rupees lakh, unless otherwise stated)*

### 10 Other assets

| | Non Current | | Current | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Unsecured considered good** | | | | |
| Balances with government authorities | - | - | 1,217.03 | 1,579.07 |
| Capital advances | 14.97 | - | - | - |
| Advances to suppliers | - | - | 159.41 | 160.93 |
| Advances to staff and workers | - | - | 4.14 | 1.17 |
| Advance to group companies (note 30) | - | - | 1,799.94 | 573.87 |
| Prepaid expenses | 258.56 | - | 91.46 | 13.71 |
| Other amount recoverable | - | - | 4.69 | 3.63 |
| Others* | - | - | - | 3.62 |
| **Total** | **273.53** | **-** | **3,276.67** | **2,336.00** |

* Represents surplus fund balance for the payment of gratuity.

There were no advances due by directors or other officers of the Company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

### 11 Inventories (valued at lower of cost and net realizable value)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Raw materials | 677.03 | 367.86 |
| Traded goods | 8.77 | 20.10 |
| Work in progress*^ | 8,185.11 | 7,494.73 |
| **Total** | **8,870.91** | **7,882.69** |

* Includes purchase of machinery and other components which are to be leased to customers under finance lease arrangements.

^Inventory amounting to Rs. 8,157.84 (March 31, 2022 Rs. 7,030.09) has been hypothecated against borrowings. Refer note 15.

### 12 (a) Cash and bank balances

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks | | |
| - on current accounts | 1,042.75 | 914.15 |
| **Total** | **1,042.75** | **914.15** |

### 12 (b) Changes in liabilities arising from financing activities

| | Borrowings |
|---|---|
| **As on April 1, 2021** | 1,166.21 |
| Cash flow | 4,590.00 |
| Others (Including interest paid) | 21.82 |
| **As on March 31, 2022** | **5,778.03** |
| Cash flow | 3,280.86 |
| Others (Including interest paid) | 35.65 |
| **As on March 31, 2023** | **9,094.54** |

### 13 Share capital

| Particulars | No. of Shares | Rs. |
|---|---|---|
| **Authorized shares (Nos)** | | |
| 150,000,000 (March 31, 2022: 100,000,000) equity shares of Rs. 10/- each. | 15,000.00 | 10,000.00 |
| | **15,000.00** | **10,000.00** |
| **Issued, subscribed and fully paid share capital (Nos)** | | |
| 72,280,000 (March 31, 2022: 72,280,000 ) equity shares of Rs. 10/- each fully paid up | 7,228.00 | 7,228.00 |
| **Total issued, subscribed and fully paid-up share capital** | **7,228.00** | **7,228.00** |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Particulars | No. of Shares | Rs. |
|---|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | | |
| **As at April 01, 2021** | 42,280,000 | 4,228.00 |
| Changes during the year | 30,000,000 | 3,000.00 |
| **As at March 31, 2022** | 72,280,000 | 7,228.00 |
| Changes during the year | - | - |
| **As at March 31, 2023** | **72,280,000** | **7,228.00** |

**(b) Terms/ rights 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.

**(c) Equity share capital held by holding company**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Thermax Limited*** | | |
| 72,280,000 (March 31, 2022: 72,280,000 ) equity shares of Rs. 10/- each fully paid up | 7,228.00 | 7,228.00 |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Thermax Limited*** | | |
| % | 100.00 | 100.00 |
| No. of shares | 72,280,000 | 72,280,000 |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

*Includes 6 shares (March 31, 2022: 6 shares) held by nominee shareholders.

## Notes to financial statements for the year ended March 31, 2023
*(All amounts in Rupees lakh, unless otherwise stated)*

### 14 Other Equity

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Reserves and Surplus** | | |
| **Retained earnings** | | |
| Opening balance | 6,631.41 | 5,311.94 |
| Add: Profit for the year | 1,598.93 | 1,351.20 |
| Less: Transaction cost for increase in share capital | (47.50) | (28.50) |
| Movement during the year | 1,551.43 | 1,322.70 |
| **IItems of other comprehensive income recognised directly in retained earnings:** | | |
| Re-measurements of post-employment benefit obligations, net of tax Rs. (2.24) (March 31, 2022 : Rs. 1.08) | 6.66 | (3.23) |
| **Net surplus in the statement of profit and loss** | **8,189.50** | **6,631.41** |
| **Total** | **8,189.50** | **6,631.41** |

### 15(a) Non-current borrowings

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| **Secured** | | |
| Loan from banks* | **7,334.62** | **5,170.69** |
| **Total** | **7,334.62** | **5,170.69** |

### 15(b) Current borrowings

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Current maturities of non-current borrowings | 1,759.92 | 607.34 |
| **Total** | **1,759.92** | **607.34** |

*Loan from bank carries an effective interest rate ranging between 6.48% -9.62% (March 31, 2022 : 6.09% -7.25%). The loan has been availed for 60 to 84 months and it is repayable in 48 to 72 monthly instalments along with interest, from the date the moratorium period ends. The loan has a moratorium period of 12 months for repayment of principal. The loan is secured by first charge on plant and machinery (property, plant & equipment, finance lease receivable, and inventory work in progress), an escrow of cashflow for the specific project for which such facility was availed.

### 16 Trade Payables

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade payables** | | |
| Total outstanding dues of micro enterprises and small enterprises | 964.40 | 194.85 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| (i) Related Parties (refer note 30) | 1,027.39 | 1,670.57 |
| (ii) Others | 786.09 | 1,103.83 |
| **Total** | **2,777.88** | **2,969.25** |

For terms and conditions with related parties, refer note 30.

Trade payables are non-interest bearing and are normally settled on credit terms of 7 to 60 days.

**Details of dues to micro and small enterprises as defined under The Micro, Small and Medium enterprises Development (MSMED) Act 2006**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year** | | |
| -Principal amount outstanding (whether due or not) to micro and small enterprises | 937.44 | 179.21 |
| -Interest due thereon | 5.15 | 0.48 |
| The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of payment made to the supplier beyond the appointed day during the year | 1,064.08 | 178.27 |
| 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 the MSMED Act, 2006 | 9.15 | 8.12 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 14.30 | 8.60 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | 26.96 | 15.64 |

**The ageing of current trade payables which are due for payment :**

| Particulars | Unbilled | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | |
| (i) MSME | 120.18 | 166.44 | 643.43 | 34.35 | - | - | **964.40** |
| (ii) Others | 253.35 | 588.39 | 936.18 | 35.56 | - | - | **1,813.48** |
| (iii) Disputed dues- MSME | - | - | - | - | - | - | - |
| (iii) Disputed dues- Others | - | - | - | - | - | - | - |
| **Total** | **373.53** | **754.83** | **1,579.61** | **69.91** | **-** | **-** | **2,777.88** |

| Particulars | Unbilled | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | | |
| (i) MSME | 11.36 | 115.69 | 67.80 | - | - | - | **194.85** |
| (ii) Others | 126.68 | 589.11 | 2,045.96 | 11.26 | 1.39 | - | **2,774.40** |
| (iii) Disputed dues- MSME | - | - | - | - | - | - | - |
| (iii) Disputed dues- Others | - | - | - | - | - | - | |
| **Total** | **138.04** | **704.80** | **2,113.76** | **11.26** | **1.39** | **-** | **2,969.25** |

*Includes year-end accruals.

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

**17 Other financial liabilities**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| **At amortized cost** | | | | |
| Trade deposits * | 1,566.12 | 1,522.56 | 548.82 | - |
| Employee related payables | - | - | 182.77 | 199.66 |
| **Total** | **1,566.12** | **1,522.56** | **731.59** | **199.66** |

* Including deposits payable to related parties. Refer note 30.

**18 Provisions**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity (refer note 29) | 0.18 | - |
| Provision for leave encashment | 51.51 | 43.88 |
| | **51.69** | **43.88** |
| **Other provisions** | | |
| Refund liabilities* | 119.30 | 83.07 |
| | **119.30** | **83.07** |
| **Total** | **170.99** | **126.95** |

**19 Other liabilities**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| Advance lease rentals | 1,287.80 | 990.01 | 225.97 | 156.76 |
| Unearned revenue* | 818.00 | 926.03 | 828.24 | 456.50 |
| Statutory dues and other liabilities** | - | - | 131.31 | 106.33 |
| **Total** | **2,105.80** | **1,916.04** | **1,185.52** | **719.59** |

*includes revenue remaining unearned for the portion attributable to maintenance of leased equipment constructed at customer premises under finance lease arrangements.

** includes payable for tax deducted at source, provident fund, professional tax and goods and services tax.

**20 Revenue from operations**

**a) Revenue from contracts with customers:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Revenue from operations** | | |
| Sale of products | 27,710.68 | 16,178.34 |
| Sale of leased assets * | 4,581.61 | 4,189.26 |
| Sale of traded goods | 597.27 | 124.94 |
| Finance income on leased assets | 1,691.21 | 1,122.58 |
| | **34,580.77** | **21,615.12** |
| **Other operating revenue** | | |
| Sale of scrap | 1.07 | 6.73 |
| Amortisation of prepaid lease rental | 190.37 | 154.51 |
| Miscellaneous** | 18.43 | - |
| | **209.87** | **161.24** |
| **Revenue from operations (net)** | **34,790.64** | **21,776.36** |

* pertains to sale of equipment to customers under finance lease arrangements.

** Includes rental income on a lease arrangement classified as an operating lease. Refer note 34 (b)

**b) Disclosure pursuant to Ind AS 115: Revenue from contracts with customers:**

**i) Revenue by category of contracts:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Over a period of time basis | 344.78 | 226.46 |
| At a point-in-time basis | 32,544.78 | 20,266.08 |
| **Total revenue from contracts with customers** | **32,889.56** | **20,492.54** |

**ii) Revenue by geographical market:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Within India | 34,790.64 | 21,776.36 |
| Outside India | - | - |
| **Revenue from operations (net)** | **34,790.64** | **21,776.36** |

**iii) Contract balances:**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables (note 7) | 3,199.90 | 2,918.83 |
| Non current unearned revenue (Contract liability) (note 19) | 818.00 | 926.03 |
| Current unearned revenue (Contract liability) (note 19) | 828.24 | 456.50 |
| Unbilled revenue (Contract asset) (note 8(b)) | 362.74 | - |
| Refund liability (note 18) | 119.30 | 83.07 |

The contract liabilities relate to unearned revenue where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash positions on specific projects.

**iv) Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the year:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue (Contract liability) (note 26(a)) | 344.78 | 226.46 |

**v) Changes in unearned revenue for the year:**

The explanation of the significant changes in the unearned balances during the reporting year is presented in the table below:-

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening unearned revenue (refer note 19)** | **1,382.53** | **1,213.23** |
| -Increase in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements. | 608.49 | 395.77 |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

| | | |
|---|---|---|
| -Decrease in revenue remaining unearned for the portion attributable to maintenance of leased assets constructed at customer premises under finance lease arrangements. | (344.78) | (226.46) |
| **Closing unearned revenue (refer note 19)** | **1,646.24** | **1,382.53** |

**vi) Remaining performance obligations:**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amount of revenue yet to be recognised for performance obligations remaining to be completed* | 46,989.01 | 29,786.30 |

*The Company has disclosed remaining performance obligation expected to be fulfilled in next 12 months. However, the contracts with customers for supply of utilities are for a longer period.

**vii) Reconciliation between revenue recognised in Statement of profit and loss and contract price:**

There is no significant variation between revenue recognised in Statement of profit and loss and contract price except price variation claims, which are considered to be part of contract price.

**21 Other income**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest income from financial assets at amortised cost | | |
| Bank deposits | 28.86 | 13.10 |
| Others | 0.04 | 0.04 |
| Miscellaneous income | 1.60 | 10.77 |
| **Total** | **30.50** | **23.91** |

**22(a) Cost of raw material and components consumed**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Inventories at the beginning of the year** | 367.86 | 133.16 |
| Add: Purchases * | 28,213.75 | 21,250.12 |
| | **28,581.61** | **21,383.28** |
| Inventories at the end of the year | 677.03 | 367.86 |
| **Total** | **27,904.58** | **21,015.42** |

* Includes purchase of machinery and other components which are used to construct plants which are leased to customers under finance lease arrangements.

**22(b) Purchase of traded goods**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Purchases | 522.29 | 124.54 |
| **Purchase of traded goods** | **522.29** | **124.54** |

**22(c) Changes in inventories of work-in-progress and traded goods**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Inventories at the beginning of the year** | | |
| Work in progress | 7,494.73 | 2,925.93 |
| Traded goods | 20.10 | - |
| **Total** | **7,514.83** | **2,925.93** |
| **Inventories at the end of the year** | | |
| Work in progress | 8,185.11 | 7,494.73 |
| Traded goods | 8.77 | 20.10 |
| **Total** | **8,193.88** | **7,514.83** |
| **Changes in inventories of work-in-progress and finished goods** | **(679.05)** | **(4,588.90)** |

**23 Employee benefits expense**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries,wages and bonus | 1,056.00 | 852.57 |
| Contribution to provident and other funds | 51.86 | 35.83 |
| Gratuity expense (refer note 29) | 15.18 | 18.32 |
| Staff welfare expenses | 15.50 | 12.12 |
| **Total** | **1,138.54** | **918.84** |

**24 Finance cost**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Interest expense** | 328.06 | 96.26 |
| Unwinding of discount | 189.75 | 122.52 |
| **Total** | **517.81** | **218.78** |

**25 Depreciation and amortization expense**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment (note 4) | 68.34 | 41.31 |
| Amortization of intangible assets (note 5) | 4.00 | 4.10 |
| **Total** | **72.34** | **45.41** |

**26 (a) Other expenses**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Consumption of stores and spares | 285.77 | 140.42 |
| Site expenses and contract labour charges | 2,084.86 | 1,511.34 |
| Rent | - | 0.95 |
| Rates and taxes | 7.81 | 5.80 |
| Insurance | 23.51 | 30.46 |
| Repairs and maintenance | | |
| Plant and machinery | 3.36 | 0.10 |
| Leased assets | 344.78 | 226.46 |
| Others | 0.78 | 2.40 |
| Travelling and conveyance | 92.61 | 54.99 |
| Legal and professional fees (includes payment to Auditor (refer note (b)) | 211.39 | 132.73 |
| Profit on sale of asset (Net) | (35.14) | (5.06) |
| CSR expenditure (refer note (c)) | 31.55 | 29.98 |
| Corporate cost allocation (refer note 30) | 92.96 | 64.79 |
| Miscellaneous expenses (includes directors sitting fees, courier charges, bank charges, etc.) | 102.00 | 37.54 |
| **Total** | **3,246.24** | **2,232.90** |

**(b) Payment to auditors**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| As auditor: | | |
| Audit fees | 15.00 | 17.00 |
| Reimbursement of expenses | 1.29 | 0.16 |
| **Total** | **16.29** | **17.16** |

*(All amounts in Rupees lakh, unless otherwise stated)*

**(c) Corporate Social Responsibility (CSR)**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year | 31.55 | 29.98 |
| b) Amount spent during the year* | 31.55 | 29.98 |
| c) Shortfall at the end of the year | - | - |
| d) Total of previous yearts shortfall | - | - |
| e) Reason for shortfall | NA | NA |
| f) Nature of CSR activities | Education, Skill Development, Rural Development | Disaster Relief, Education, Skill, Development, Rural Development |
| g) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard: | 31.55 | 29.98 |

*The amount is contributed to Thermax Foundation, India (refer note 30) which is engaged in education of economically underprivileged children by addressing social discrimination through affirmative actions, skill development and employability initiatives.
There is no provision for CSR expenditure as at at March 31, 2023. There is no shortfall in contribution as at March 31, 2023.

**27 Earnings per share**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit after tax attributable to the equity shareholders | 1,598.93 | 1,351.20 |
| Weighted average number of equity shares of Rs.10/- each | 72,280,000 | 43,808,767 |
| **Basic and diluted EPS** | **2.21** | **3.08** |

**28 Contingent liabilities and commitments:**

**Capital and other commitments**

a) The Company has long term contracts with customer wherein Company has to provide committed quantity of fuel on periodic basis. Estimated amount of contracts remaining to be executed for assets which are to be leased to Customers and are currently under commissioning (net of advances) and not provided for is Rs. 7,242.66 (March 31, 2022 Rs. 2,400.58 ).

b) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 84.53 (March 31, 2022 Nil).

**29 Gratuity**

The Company operates a defined benefit plan of gratuity for its employees. Under the gratuity plan, every employee who has completed specified years of service gets a gratuity on departure at the rate of 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy. The fund has formed a trust and it is governed by the Board of Trustees.

The fund is subject to risks such as asset volatility, changes in asset yields and asset liability mismatch risk. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

**I Changes in the net benefit obligation and fair value of plan assets are as follows :**

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 1, 2021** | **82.40** | **(90.22)** | **(7.83)** |
| Current service cost | 18.91 | - | 18.91 |
| Interest expense/(income) | 2.87 | (3.47) | (0.59) |
| **Total amount recognised in the statement of profit or loss** | **21.78** | **(3.47)** | **18.32** |
| (Gain)/loss from change in demographic assumptions | (1.13) | - | (1.13) |
| (Gain)/loss from change in financial assumptions | 5.54 | - | 5.54 |
| Return on plan assets expense/ (income) | - | (0.10) | (0.10) |
| **Total amount recognised in Other Comprehensive Income** | **4.41** | **(0.10)** | **4.31** |
| Employer Contributions | - | (18.54) | (18.54) |
| Mortality Charges | - | (0.12) | (0.12) |
| **March 31, 2022** | **108.59** | **(112.21)** | **(3.62)** |
| Current service cost | 15.42 | - | 15.42 |
| Interest expense/(income) | 3.57 | (3.81) | (0.24) |
| **Total amount recognised in the statement of profit or loss** | **18.99** | **(3.81)** | **15.18** |
| Experience (gain) / loss | 0.36 | 0.21 | 0.57 |
| (Gain)/loss from change in demographic assumptions | (1.18) | - | (1.18) |
| (Gain)/loss from change in financial assumptions | (8.18) | - | (8.18) |
| Return on plan assets expense/ (income) | - | (0.11) | (0.11) |
| **Total amount recognised in Other Comprehensive Income** | **(9.00)** | **0.10** | **(8.90)** |
| Employer contributions | (2.44) | - | (2.44) |
| Mortality charges | - | 0.04 | 0.04 |
| **March 31, 2023** | **116.14** | **(115.96)** | **0.18** |

**II The net (asset)/liability disclosed above relates to funded plans are as follows :**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Present value of funded obligation | 116.14 | 108.59 |
| Fair value of plan assets | (115.96) | (112.21) |
| **Net (asset)/liability** | **0.18** | **(3.62)** |

**III Significant assumptions**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.40% | 7.00% |
| Salary growth rate | 7.00% | 9.00% |
| Expected return on plan assets | 7% P.A. | 6.8% P.A. |
| Normal retirement age | 60 years | 60 years |
| Mortality table | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2012-14) Ultimate |
| Employee turnover | 12% | 10% |

**IV Sensitivity analysis**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Discount rate** | | |
| 1.00% increase | Decrease by 3.26 | Decrease by 3.74 |
| 1.00% decrease | Increase by 3.66 | Increase by 4.31 |
| **Future salary increase** | | |
| 1.00% increase | Increase by 3.06 | Increase by 3.68 |
| 1.00% decrease | Decrease by 2.78 | Decrease by 3.27 |
| **Attrition Rate** | | |
| 1.00% increase | Decrease by 0.08 | Decrease by 0.49 |
| 1.00% decrease | Increase by 0.09 | Increase by 0.55 |

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following are the expected cash flows to the defined benefit plan in future years:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within next 12 months | 10.57 | 3.32 |
| Between 2-5 years | 33.67 | 26.91 |
| Between 5-10 years | 69.26 | 57.54 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 10.49 years (March 31, 2022: 13.19 years).

**V The major categories of plan assets are as follows:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Investments with Insurer (LIC of India) | 100.00% | 100.00% |

**30 Related party disclosures**

**A Names of related parties and related party relationship:**

**Related parties where control exists**

**I Ultimate Holding Company**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | RDA Holdings Private Limited | India |

**II Holding Company**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Limited | India |

**III Subsidiary Company**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Enernxt Private Limited | India |

**B Related parties with whom transactions have taken place during the year and previous year :**

**Fellow Subsidiaries in India**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | First Energy Private Limited | India |
| 2 | Thermax Instrumentation Limited | India |
| 3 | Thermax Babcock & Wilcox Energy Solutions Limited | India |
| 4 | Thermax Energy & Enviroment Philippines Corporation | Philippines |

**Entities controlled by holding company or its KMP**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Marico Limited | India |

**C. Key management Personnel:**

1 Mr. Hemant Mohgaonkar - Director
2 Mr. Rajendran Arunachalam - Director
3 Mr. Ashish Bhandari - Director
4 Mr. Sanjay Parande - Independent Director
5 Mr. Sundar Parthasarathy - Independent Director
6 Ms. Khushboo Bhatia - Chief Executive Officer
7 Mr. Ajit Sharma-Chief Financial Officer (Upto June 30, 2021)
8 Mr. Deepak Joshi-Chief Financial Officer (w.e.f July 26, 2021)
9 Ms. Gunjan Chandratre - Company Secretary (Upto December 26, 2022)
10 Ms. Kajal Kabra - Company Secretary (w.e.f January 27, 2023)

**D Individuals having control or significant influence over the Company by reason of voting power, and their relatives:**

1 Mrs. Meher Pudumjee - Chairperson of Holding Company
2 Mrs. Anu Aga - Relative of Chairperson of Holding Company
3 Mr. Pheroz Pudumjee - Director of Holding Company
4 Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

**E Enterprises with whom transactions have taken place during the year, over which control is exercised by individuals listed in 'E' above:**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Foundation (formerly known as Thermax Social Initiative Foundation) | India |

**F Enterprises, directors of which provide key managerial personnel services to the parent of the company:**

1 Marico Limited, India

# Thermax Onsite Energy Solutions Limited

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**G Transactions with related parties:**

| | Holding Company | | Subsidiary Company | | Subsidiaries of the Holding Company | | Enterprises over which control is exercised by individuals mentioned in 'C', 'D' and 'F' | | Key Management Personnel and relatives mentioned in 'D' | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **a. Transactions during the year** | | | | | | | | | | | | |
| Recovery of expenses | 296.89 | 10.38 | 37.86^ | 89.69^ | - | - | - | - | - | - | 334.75 | 100.07 |
| Repairs and maintenance of leased assets | 32.09 | 5.06 | - | - | - | - | - | - | - | - | 32.09 | 5.06 |
| Purchase of raw material and components | 4,454.44 | 7,602.90 | - | - | 164.55 | 128.20 | - | - | - | - | 4,618.99 | 7,731.10 |
| Site expenses and contract labour charges | 22.10 | - | - | - | - | - | - | - | - | - | 22.10 | - |
| Consumption of Stores & Spares | 9.84 | - | - | - | 2.67 | - | - | - | - | - | 12.51 | - |
| Corporate cost allocation | 92.96 | 64.79 | - | - | - | - | - | - | - | - | 92.96 | 64.79 |
| Reimbursement of expenses | 32.69 | 9.91 | - | - | 12.14 | - | - | - | - | - | 44.83 | 9.91 |
| Salaries,wages and bonus | 142.93 | 52.38 | - | - | 41.64 | - | - | - | 215.74* | 193.09* | 400.31 | 245.47 |
| Miscelleneous expenses | 13.50 | - | - | - | - | - | - | - | - | - | 13.50 | - |
| Donation | - | - | - | - | - | - | 31.55 | 29.98 | - | - | 31.55 | 29.98 |
| Purchase of property, plant and equipment and Intangible assets | 37.55 | 510.37 | - | - | - | 50.00 | - | - | - | - | 37.55 | 560.37 |
| Sales of Property Plant & Equipment | - | - | - | - | 557.40 | - | - | - | - | - | 557.40 | - |
| Sales of leased assets | - | - | - | - | 277.33 | - | - | - | - | - | 277.33 | - |
| Subscription to shares issued | - | 3,000.00 | - | - | - | - | - | - | - | - | - | 3,000.00 |
| Sale of product | - | - | - | - | - | 17.20 | 386.45 | 556.81 | - | - | 386.45 | 574.01 |

*This includes amount paid by the Holding Company on behalf of the entity.

^This includes amount paid by the Company on behalf of its subsidiary.

| | Holding Company | | Subsidiary Company | | Subsidiaries of the Holding Company | | Enterprises over which control is exercised by individuals mentioned in 'C', 'D' and 'F' | | Key Management Personnel and relatives mentioned in 'D' | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **b. Balances as at reporting date** | | | | | | | | | | | | |
| Other amounts recoverable | 8.26 | 3.63 | - | - | 898.10 | - | - | - | - | - | 906.36 | 3.63 |
| Trade receivables | - | - | - | - | - | 18.82 | 32.69 | 59.90 | - | - | 32.69 | 78.72 |
| Advances given | 1,796.58 | 528.00 | - | - | 3.36 | 45.87 | - | - | - | - | 1,799.94 | 573.87 |
| Trade deposits | 65.00 | - | - | - | - | - | 75.00 | 75.00 | - | - | 140.00 | 75.00 |
| Trade payables | 971.82 | 1,546.22 | - | - | 55.57 | 124.35 | - | - | - | - | 1,027.39 | 1,670.57 |
| Bank Guarantees issued by holding company on behalf of the Company | 75.00 | - | - | - | - | - | - | - | - | - | 75.00 | - |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**H Related party transactions include transactions pertaining to the following parties with whom the transactions are considered to be individually significant (percentage of the transactions being 10% or more of the total of transactions given in note 'G' above):**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Transactions during the year** | | |
| **Recovery of expenses** | | |
| Thermax Limited, India | 296.89 | 10.38 |
| Enernxt Private Limited | 37.86 | 89.69 |
| **Repairs and maintenance of leased assets** | | |
| Thermax Limited, India | 32.09 | 5.06 |
| **Purchase of raw material and components** | | |
| Thermax Limited, India | 4,454.44 | 7,602.90 |
| First Energy Private Limited | 164.55 | 128.20 |
| **Corporate cost allocation** | | |
| Thermax Limited, India | 92.96 | 64.79 |
| **Reimbursement of expenses** | | |
| Thermax Limited, India | 32.69 | 9.91 |
| Thermax Energy & Enviroment Philippines Corporation | 12.14 | - |
| **Site expenses and contract labour charges** | | |
| Thermax Limited, India | 22.10 | - |
| **Consumption of Stores & Spares** | | |
| Thermax Limited, India | 9.84 | - |
| First Energy Private Limited | 2.67 | |
| **Miscellaneous expense** | | |
| Thermax Limited, India | 13.50 | |
| **Revenue from Operations** | | |
| Marico Limited | 386.45 | 556.81 |
| **Salaries,wages and bonus*** | | |
| Mr. Sanjay Parande | 5.30 | 4.80 |
| Mr. Sundar Parthasarathy | 5.30 | 3.50 |
| Ms. Khushboo Bhatia | 125.00 | 100.25 |
| Mr. Zahaan Pudumjee | 34.49 | 31.76 |
| Mr. Ajit Sharma** | - | 7.59 |
| Mr. Deepak Joshi** | 38.80 | 39.96 |
| Ms. Gunjan Chandratre** | 5.26 | 5.23 |
| Ms. Kajal Kabra** | 1.59 | - |
| Thermax Limited*** | 142.93 | 52.38 |
| Thermax Energy & Enviroment Philippines Corporation | 41.64 | - |
| **Donation** | | |
| Thermax Foundation, India (formerly known as Thermax Social Initiative Foundation) | 31.55 | 29.98 |
| **Purchase of property, plant and equipment and Intangible assets** | | |
| Thermax Limited, India | 37.55 | - |
| Thermax Instrumentation Limited | - | 50.00 |
| First Energy Private Limited | - | 510.37 |
| **Sale of Property Plant & Equipment** | | |
| First Energy Private Limited | 557.40 | - |
| **Sale of leased assets** | | |
| First Energy Private Limited | 277.33 | - |
| **Subscription to shares issued** | | |
| Thermax Limited, India | - | 3,000.00 |

* Components of remuneration to key management personnel includes sitting fees to independent directors & reimbursement of expenses.

** These amounts have been reimbursed to the Holding company.

*** These amounts have been reimbursed to the Holding company for other employees.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Balances as at the year end** | | |
| **Other amounts recoverable** | | |
| Thermax Limited India | 8.26 | 3.63 |
| First Energy Private Limited | 898.10 | - |
| **Trade receivables** | | |
| Marico Limited, India | 32.69 | 59.90 |
| Thermax Babcock & Wilcox Energy Solutions | - | 18.82 |
| **Advances given** | | |
| Thermax Limited, India | 1,796.58 | 528.00 |
| **Trade deposits** | | |
| Marico Limited, India | 75.00 | 75.00 |
| Thermax Limited | 65.00 | - |
| **Trade payables** | | |
| Thermax Limited, India | 971.82 | 1,546.22 |
| **Bank Guarantees issued by holding company on behalf of the entity** | | |
| Thermax Limited, India | 75.00 | - |

**I Terms and conditions of related party transactions**

The sales to and purchases from related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash.

There have been no guranatees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022 : Rs. Nil). The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**31 Fair value measurements**

**a) Category of financial instruments and valuation techniques**

**Details of financial assets carried at amortised cost**

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Trade receivables | 7 | 3,199.90 | 2,918.83 |
| Finance lease receivable | 8 (a) | 12,586.46 | 10,161.58 |
| Other financial assets | 8 (b) | 1,264.37 | 3.63 |
| Cash and bank balances | 12(a) | 1,042.75 | 914.15 |
| **Total financial assets** | | **18,093.48** | **13,998.19** |
| Current assets | | 7,548.70 | 5,405.68 |
| Non-current assets | | 10,544.78 | 8,592.51 |
| **Total financial assets** | | **18,093.48** | **13,998.19** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

*(All amounts in Rupees lakh, unless otherwise stated)*

**Details of financial liabilities carried at amortised cost**

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Borrowings | 15 | 9,094.54 | 5,778.03 |
| Trade payables | 16 | 2,777.88 | 2,969.25 |
| Trade deposits | 17 | 2,114.94 | 1,522.56 |
| Other financial liabilities | 17 | 182.77 | 199.66 |
| **Total financial liabilities** | | **14,170.13** | **10,469.50** |
| Current liabilities | | 5,269.39 | 3,776.25 |
| Non-current liabilities | | 8,900.74 | 6,693.25 |
| **Total financial liabilities** | | **14,170.13** | **10,469.50** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

## 32 Financial risk management

TThe Company's principal financial liabilities, comprise loans and borrowings, trade deposits, 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 finance lease receivables, trade and other receivables, and cash and bank balances.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### 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. Financial instruments affected by market risk include loans and borrowings and finance lease receivables.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis has been prepared on the basis that the amount of debt and the average interest rate prevalent during the financial year.

The analysis excludes the impact of movement in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

**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.

**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:

| | Impact on profit before tax | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| Interest rate | | |
| - Increase by 100 basis points | (90.30) | (14.67) |
| - Decrease by 100 basis points | 90.30 | 14.67 |

### 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.

**Trade receivables**

Customer credit risk is managed by the company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Financial instruments and bank deposits**

Credit risk from balances with banks and financial institutions is managed by the group treasury department in accordence with the Thermax group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### III Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and bank balances, the basis of expected cash flows. This is generally carried out by the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the company operates.

**(i) Maturities of financial liabilities**

The tables below analyse the company's financial liabilities into relevant maturity profile on their contractual maturities for :

| March 31, 2023 | Note No. | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | 15 | 1,759.92 | 3,942.17 | 2,286.70 | 1,105.75 |
| Trade payables | 16 | 2,777.88 | - | - | - |
| Trade deposits* | 17 | 586.50 | - | 290.00 | 2,897.22 |
| Other financial liabilities | 17 | 182.77 | - | - | - |

| March 31, 2022 | Note No. | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | 15 | 578.13 | 2,830.73 | 2,277.98 | 61.98 |
| Trade payables | 16 | 2,969.25 | - | - | - |
| Trade deposits* | 17 | 3.00 | 400.50 | 115.00 | 2,295.33 |
| Other financial liabilities | 17 | 199.66 | - | - | - |

*Represents contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows.

**33 Capital Management**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to equity holders of the Parent Company.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Borrowings | 9,094.54 | 5,778.03 |
| Trade payables | 2,777.88 | 2,969.25 |
| Less: Cash and bank balances | 1,042.75 | 914.15 |
| Net debt | **10,829.67** | **7,833.13** |
| **Equity** | 15,417.50 | 13,859.41 |
| **Capital and net debt** | 26,247.17 | 21,692.54 |
| **Gearing ratio** | 41.26% | 36.11% |

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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

**34 Disclosure under Ind AS - 116 : Leases**

**a) Amount receivable under Finance lease - where the Company is a lessor**

The Company has entered into certain arrangements with its customers where the Company will supply heat/steam/treated water by installing the boiler/heater/water treatment plant at the customers' premises. The Company has determined, that fulfilment of these arrangements is dependent on the use of a specific assets and the arrangement conveys a right to use these specific asset to the customers. Accordingly, these arrangements qualify as arrangements in the form of lease as specified in Ind-AS 116. Based on the evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets ,the fair value of the asset and that it has transferred the significant risks and rewards in these assets to the customers, these lease arrangements have been classified as finance leases.

| Particulars | Gross Investment in lease | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Within one year | 3,608.60 | 2,862.16 | 2,044.56 | 1,572.13 |
| After one year but not more than two years | 2,888.59 | 2,740.84 | 1,577.03 | 1,649.38 |
| After two years but not more than three years | 2,627.65 | 2,052.34 | 1,510.82 | 1,178.51 |
| After three years but not more than four years | 2,469.83 | 1,823.90 | 1,541.44 | 1,096.55 |
| After four years but not more than five years | 2,147.79 | 1,707.95 | 1,412.16 | 1,118.88 |
| More than five years | 5,913.95 | 4,736.39 | 4,500.45 | 3,546.13 |
| | **19,656.41** | **15,923.58** | **12,586.46** | **10,161.58** |
| Less: Unearned finance income | 7,069.95 | 5,762.00 | - | - |
| Present value of minimum lease payments receivable | 12,586.46 | 10,161.58 | 12,586.46 | 10,161.58 |
| | **19,656.41** | **15,923.58** | **12,586.46** | **10,161.58** |

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Estimated unguaranteed residual value of assets under finance lease | - | - |
| Contingent rent recognised as Income during the year | - | - |
| Interest rate inherent in the lease | 10.82% - 14.93% | 10.87% - 17.03% |

**b) Operating lease - where the Company is a lessor**

The Company has installed briquetting machines at one of the supplier's locations under an agreement that these machines shall be used exclusively for manufacture of briquettes to be sold to the Company at the minimum quantity and rate as defined as per the agreement. The supplier shall be obligated to pay an agreed amount of royalty to the Company for the amount of purchases. The Company has determined, that fulfilment of this arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use this specific asset. Accordingly, this arrangement qualifies as an arrangement in the form of lease as specified in Ind-AS 116. However, since this arrangement can be terminated by either of the parties leading to circumstances, creating an economic incentive for the supplier to terminate the contract, this arrangement has been classified as an operating lease. Lease rentals are recognised in the statement of profit and loss for the year as miscellaneous income. Refer note 20(a).

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease rent received for the year | 7.43 | 2.61 |

**35 Segment information**

For management purposes, the Company reports the details of operating segments as a single segment for "energy and allied services". The Chief Operating Decision Maker (CODM) reviews the information for this single segment only. Accordingly, Company has provided only entity wide disclosures.

**Sales revenue by geographical segment**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Revenue from external customer (gross) | | |
| India* | 34,790.64 | 21,776.36 |
| Outside India | - | - |
| **Total** | **34,790.64** | **21,776.36** |

*Revenue of Rs.9,788.64 was derived from two customers that individually contributed more than 10% of total revenue in the current year and Rs. 5,729.35 was derived from two customers that individually contributed more than 10% of total revenue in the previous year.

**Carrying amount of non current assets**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Carrying amount of non current assets | | |
| Assets within India | 166.15 | 680.06 |
| Assets outside India | - | - |
| **Total** | **166.15** | **680.06** |

**Addition to non current assets**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Assets within India | 73.94 | 578.37 |
| Assets outside India | - | - |
| **Total** | **73.94** | **578.37** |

**36 Key financial ratios**

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022:

| Particulars | Numerator | Denominator | FY 2022-23 | FY 2021-22 | Variance | Reason for variance |
|---|---|---|---|---|---|---|
| Current Ratio | Current assets | Current liabilities | 2.96 | 3.31 | -10.57% | |
| Debt-Equity Ratio | Total debt i.e. Borrowings (Current+Non current) | Shareholder's equity | 0.59 | 0.42 | 40.48% | Increase in borrowings for initial investment in new projects for supply of utilities. |
| Debt service coverage ratio | Earnings available for debt service ^ | Debt service * | 1.00 | 4.27 | -76.58% | Increase in borrowings for initial investment in new projects for supply of utilities & settlement of outstanding loan of solar assets. |
| Return on equity ratio | Profit after tax | Average shareholder's equity | 0.11 | 0.12 | -8.33% | |
| Inventory turnover ratio | Cost of goods sold# | Average inventories | 3.31 | 3.03 | 9.24% | |
| Debtors turnover ratio | Revenue from contracts with customers | Average trade receivables | 10.75 | 9.99 | 7.61% | |
| Trade payables turnover ratio | Total supplier purchases## | Average trade payables | 11.14 | 8.88 | 25.45% | Improvement in trade payable turnover ratio is on account of improvement in payment cycle during the year. |
| Net capital turnover ratio | Revenue from contracts with customers | Working capital ** | 2.51 | 1.87 | 34.22% | Improvement in net capital turnover ratio is on account of improvement in accounts receivable recovery during the year. |
| Net profit ratio | Profit after tax | Revenue from contracts with customers | 0.05 | 0.07 | -28.57% | During the year, company witnessed fuel quality issue due to extended monsoon. This has led to material cost increase and decrease in overall profit percentage. |
| Return on capital employed (ROCE) | Profit before tax + finance cost | Capital employed *** | 0.11 | 0.11 | 0.00% | |
| Return on investment (ROI) | Profit after tax | Shareholder's equity | 0.10 | 0.10 | 0.00% | |

**Explanations:**

^ Profit after tax + Finance cost + Depreciation and amortization for the year

* Repayment of borrowings + Interest paid

** Total current assets - Total current liabilities

*** Total equity + Total Debt + Deferred tax liability - Intangible Assets

#Cost of raw materials and components consumed + Purchase of traded goods + Changes in inventories of work-in-progress and traded goods

##Purchase of raw materials and components (refer note 22(a)) + Purchase of traded goods + Operating expenses (staff welfare and other expenses) incurred during the year.

**37 Standards issued but not yet effective**

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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**(i) Ind AS 1 – Presentation of Financial Statements - The** amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**(ii) Ind AS 12 – Income Taxes –** The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is in process of evaluating this amendment.

**(iii) Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors –** The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company has evaluated the amendment and there is no impact on its financial statements.

**38 Exemption availed under Ind AS 110**

As the consolidated financial statements are presented by the entity's holding Company, the entity has elected to apply the exemption available to it under Ind AS 110 and has opted to present only standalone financial statements.

**39 Other Statutory Information:**

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries,

(vi) The Company has not made any such 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).

(vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**40 Financial statements**

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The Company has a process to take daily back-up of books of account maintained in electronic mode and along with the logs of the back-up of such books of account. However, the backup of certain books and records pertaining to employee reimbursement system maintained in electronic mode has not been maintained on servers physically located in India on daily basis. The Company will take appropriate measures to comply with regulations.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No: 135859

Date: May 9, 2023
Place: Pune

**For and on behalf of the Board of Directors of**
**Thermax Onsite Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN: 01308831

**Khushboo Bhatia**
Chief Executive Officer

**Kajal Kabra**
Company Secretary

**Deepak Joshi**
Chief Financial Officer

Date: May 9, 2023
Place: Pune

# THERMAX COOLING SOLUTIONS LIMITED

***Board of Directors***
Sunil Raina
Kirtiraj Jilkar
Sandeep Deshpande

***Registered Office***
Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune – 411003

***Auditors***
SRBC & Co. LLP
Chartered Accountants
C-401, Panchshil Tech Park, Yerwada,
Pune-411006, India

***Key Managerial Personnel***
Ravi Shewade (Manager)
Ajit Sharma (Chief Financial Officer)
Kajal Kabra (Company Secretary upto January 25, 2023)
Karan Parakh (Company Secretary w.e.f. February 2, 2023)

***Bankers***
Corporation Bank
ICICI Bank

***Corporate Office***
Sai Chambers
15, Mumbai – Pune Road, Wakdewadi,
Pune - 411003

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors present their Fourteenth Annual Report of the company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

(Rs. in Lakh)

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Total income | **2,502.73** | 1,931.72 |
| Profit/(Loss) before depreciation | **242.74** | 174.78 |
| Depreciation and Amortisation | **10.50** | 13.34 |
| Profit/(Loss) before tax | **232.24** | 161.44 |
| Provision for taxation (incl. deferred tax) | **10.97** | 11.43 |
| Profit/(Loss) after tax | **221.27** | 150.01 |

**STATE OF COMPANY'S AFFAIRS**

The company is a wholly owned subsidiary of Thermax Limited.

The company continues in the ACC (Air Cooled Condenser) segment for less than 150 MW requirements and started offering their own ACC designed internally. Taking orders in domestic market remained a challenge the Company due to very stiff competition and very low prices hence company decided to focus on export market where they are getting good response with good inflow of enquiries with better price realisation.

During the year, the company earned a total income of Rs.2,502.73 Lakhs as against Rs. 1,931.72 Lakhs in the previous year. Current year profit after tax is Rs. 221.27 Lakhs as against previous year's profit after tax of Rs. 150.01 Lakhs.

Further, the Board of Directors of the Company at their meeting held on December 20, 2022 approved Scheme of Arrangement between the Company and Thermax Instrumentation Limited (TIL/Resulting Company) and their Shareholders (Scheme) under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. The Scheme provides for Demerger of Cooling Business (Demerged Undertaking) (as defined in the Scheme) from the Company into the Resulting Company on a going concern basis. The equity shareholders of the Company will receive Redeemable Preference Shares of the Resulting Company in the manner provided in the Scheme.

This Scheme has been approved by Creditors of the Company at their meeting held on Tuesday, March 14, 2023 with requisite majority. The Scheme is further subject to approval of regulatory authorities.

**MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY**

No material changes and commitments occurred after the close of the year till the date of this report, which affect the financial position of the Company.

**CHANGE IN NATURE OF BUSINESS**

During the year under review, there was no change in nature of business.

**HEALTH & SAFETY**

Safety and health at offices and project sites are of paramount importance for your company. All executed projects so far are with "Zero loss time injury". All sites are equipped with necessary safety gears for the people working on sites. The current projects under execution are following all the government and company norms and protocols of social distancing at the customer sites.

**DIVIDEND**

In view of the accumulated losses the directors do not recommend any dividend during the year.

**AMOUNT PROPOSED TO BE CARRIED TO RESERVES**

The company does not proposes to transfer any amount to general reserve.

**SHARE CAPITAL**

The Paid up Share Capital of the Company is Rs. 2,000 Lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

**PUBLIC DEPOSITS**

The company has not accepted any deposits under Chapter V of the Companies Act, 2013. Consequently it has no unpaid / unclaimed deposit(s) as on March 31, 2023.

**PARTICULARS OF LOAN GUARANTEE AND INVESTMENT**

During the year company has not given loans, guarantees and investments covered under the provisions of Section 186 and Section 134(3) (g) of Companies Act 2013.

**SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANY**

Your Company does not have any Subsidiary / Associate / Joint Venture company and there was no change in the position during the financial year 2022-23.

**BUSINESS RISK MANAGEMENT**

The company has identified and classified its key risks pertaining to the core business and has a broad framework in place for effective risk identification, review and mitigation. The company will continue to actively monitor and strengthen its risk management framework. The company had implemented Legatrix software to track & ensure timely statutory compliances. Same is also followed in current year.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Internal financial controls are reviewed by finance department on periodical basis. Authority Matrix in line with holding companies levels of authority is implemented with board's approval during current year. Internal Audit is not applicable for the company as per section 138 of Companies Act and Rule 13 of the Companies (Accounts) Rules, 2014.

**DIRECTORS**

Currently, the Board of the company comprises three Directors. In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Kirtiraj Jilkar retires by rotation, and being eligible, offers himself for re-appointment as director.

The Members of the Company at their 13th Annual General Meeting held on September 13, 2022 approved the appointment of Mr. Kirtiraj Jilkar (DIN: 09675574). Further, based on the nomination received from the Holding Company, the Board of Directors at their meeting held on November 03, 2022 appointed Mr. Sandeep Deshpande (DIN: 09748806) as an Additional Director of your Company. Mr. Deshpande holds office as an Additional Director up to the date of the ensuing Annual General Meeting. Subject to the approval of Members at the ensuing 14th Annual General Meeting, it is proposed to appoint Mr. Deshpande as Director of the Company, liable to retire by rotation

Further, Mr. B. C. Mahesh (DIN: 06631816) and Mr. Rajendran Arunachalam (DIN: 08446343), Directors resigned from the Directorship of the Company, effective from July 28, 2022 and November 3, 2022 respectively.

**CHANGE IN KEY MANAGERIAL PERSONNEL (KMP)**

During the year, Ms. Kajal Kabra resigned as Company Secretary (CS) and Key Managerial Personnel (KMP) of the Company effective January 25, 2023 and Mr. Karan Parakh has been appointed as CS and KMP effective February 2, 2023.

**BOARD MEETINGS**

During the year, the Board met five times and the intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. Attendance details of the Board are as follows:

| Name | Board Meetings | | | | |
|---|---|---|---|---|---|
| | May 12, 2022 | July 28, 2022 | November 3, 2022 | December 20, 2022 | February 2, 2023 |
| Mr. Rajendran Arunachalam | P | P | P | NA | NA |
| Mr. B. C. Mahesh | P | P | NA | NA | NA |
| Mr. Sunil Raina | P | P | A | P | P |
| Mr. Kirtiraj Jilkar | NA | NA | P | P | A |
| Mr. Sandeep Deshpande | NA | NA | NA | P | P |

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

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

(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 and of the profit and loss of the company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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; and

(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.

**SECRETARIAL STANDARDS**

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) as may be amended from time to time.

**AUDITORS**

SRBC & CO. LLP Chartered Accountants (Firm Registration No.324982E/E300003) appointed as Statutory Auditors of the Company for a period of five year from the conclusion of the 10th Annual General Meeting (AGM) until the conclusion of the 15th AGM.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

**DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143 (12) OF THE COMPANIES ACT, 2013**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

**CONSERVATION OF ENERGY**

Your Company is in the business of providing energy efficient heat dissipation solutions. Air Cooled Condenser, helps the Company's customers to reduce treated water consumption in coal based power plants.

**TECHNOLOGY ABSORPTION**

There was no technology acquisition and absorption during the year under review.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pertaining to foreign exchange earnings and outgo as per Section 134 (3) (m) of the Companies Act, 2013 is as given below:

(Rs. in Lakh)

| Particulars | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| **Earnings** | | |
| Revenue | **1.98** | 21.20 |
| **Expenditure** | | |
| Royalty | **-** | - |
| Purchase of Material | **682.73** | 678.36 |
| **Capital Expenditure** | **-** | - |
| **Net** | **(680.75)** | **(657.16)** |

**PARTICULARS OF EMPLOYEES**

None of the employees are covered by the provisions contained in rule 5(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

During the year there are no significant material orders passed by the Regulators / Courts which would adversely impact the going concern status of the company and its operations in future.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is committed to provide a safe and conducive work environment to its employees. The Company has a duly constituted Internal Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There were no cases pending at the beginning of the year / filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the year there were no applications made or proceedings pending under the Insolvency and Bankruptcy Code, 2016.

Details of difference between the amounts of valuation at the time of one time settlement and the valuation done at the time of taking a loan from the banks or financial institutions along with the reasons thereof.

During the year under review, there is no instance of one-time settlement with any Bank or Financial Institution.

**COST RECORDS APPLICABILITY**

The provisions relating to maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 were not applicable on the Company during the financial year.

**ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for the support extended by the company's customers, vendors and bankers during the year and look forward to their continued support in the future as well.

**For and on behalf of the Board of Directors of**
**Thermax Cooling Solutions Limited**

| | | |
|---|---|---|
| | **Sunil Raina** | **Sandeep Deshpande** |
| Place: Pune, | Director | Director |
| Date: May 8, 2023 | DIN: 09160928 | DIN: 09748806 |

## INDEPENDENT AUDITOR'S REPORT

To the Members of Thermax Cooling Solutions Limited

### Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Thermax Cooling Solutions Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 36 in the financial statements, which indicates that post demerger of Air Condensed Cooler (ACC) business, the management including the holding Company are evaluating various options of future business opportunities and prospects for the entity. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The going concern matter described in Material Uncertainty Related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

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

   (g) With respect to the adequacy of the internal financial controls with reference to financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 13 and 14 to the financial statements;

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

      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures performed 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 (a) and (b) contain any material misstatement.

      v. No dividend has been declared or paid during the year by the Company.

      vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKQ1442

Place of Signature: Pune
Date: May 08, 2023

**"Annexure 1" referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Report of even date.**

**Re: Thermax Cooling Solutions Limited ('the Company')**

(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 intangibles assets.

(b) All Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are 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 management has conducted physical verification of inventory [including inventory lying with third parties] at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. No discrepancies of 10% or more in aggregate for each class of inventory were noticed on such physical verification.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) According to the information and explanation given by management, there are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, duty of customs, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance and excise duty are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income- tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

| Name of the statute | Nature of the dues | Amount (Rs in Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Goods and service tax | Excess input credit claimed | 22.03 | FY 2018-19 | Deputy Commissioner of GST |

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer /further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of 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) The Company is not a nidhi company as per the provisions of the Act, 2013. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with Section 188 of Act, 2013 where applicable and the details have been disclosed in the notes to the accompanying financial statements, as required by the applicable Accounting Standards. The provisions of Section 177 of the act are not applicable to the Company, reporting under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company.

(xiv) The Company does not have an internal audit system as it is not required to have an internal audit system under the provisions of Section 138 of the Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) & (b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current and immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) Read with 'Material Uncertainty Related to Going Concern' described in the Independent Auditor's report, on the basis of the financial ratios disclosed in note 32 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions of Section 135 of Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company and accordingly, requirement to report on Clause 3(xx) of the Order is not applicable to the Company.

(xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKQ1442

Place of Signature: Pune
Date: May 08, 2023

**Annexure 2 referred to in paragraph 2(g) under the heading "Report on other legal and regulatory requirements" of our report of even date**

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

We have audited the internal financial controls with reference to financial statements of Thermax Cooling Solutions Limited ("the Company") as of March 31, 2023, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("ICAI"). 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these financial statements was 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 these 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 these 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 these financial statements.

**Meaning of Internal Financial Controls With Reference to these 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKQ1442

Place of Signature: Pune
Date: May 08, 2023

# THERMAX COOLING SOLUTIONS LIMITED

## Balance Sheet as at March 31, 2023

*(All amounts in Rupees Lakh, unless otherwise stated)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **I. Non-current assets** | | | |
| Property, plant and equipment | 4(a) | 1.08 | 1.71 |
| Intangible assets | 4(b) | 2.30 | 12.76 |
| Financial assets: | | | |
| (a) Other assets | 5 (a) | 2.70 | 1.56 |
| Income tax assets (net) | | 8.50 | 18.09 |
| Other assets | 6 (a) | 27.56 | 1.73 |
| **Total non-current assets** | | **42.14** | **35.85** |
| **II. Current assets** | | | |
| Inventories | 7 | 124.94 | 244.71 |
| Financial assets: | | | |
| (a) Trade receivables | 8 | 400.10 | 772.98 |
| (b) Cash and cash equivalents | 9 (a) | 10.25 | 79.28 |
| (c) Bank balances other than (b) above | 9 (b) | 1,317.26 | 1,058.81 |
| (d) Other financial assets | 5 (b) | 19.37 | - |
| Other assets | 6 (b) | 11.90 | 88.13 |
| **Total current assets** | | **1,883.82** | **2,243.91** |
| **Total assets** | | **1,925.96** | **2,279.76** |
| **III. Equity and liabilities** | | | |
| Equity share capital | 10 | 2,000.00 | 2,000.00 |
| Other equity | 11 | (1,123.19) | (1,347.07) |
| **Total equity** | | **876.81** | **652.93** |
| **IV. Current liabilities** | | | |
| Financial liabilities: | | | |
| (a) Trade payables | 12 | | |
| Total outstanding dues of micro and small enterprises | | 214.59 | 248.90 |
| Total outstanding dues of creditors other than micro and small enterprises | | 211.58 | 356.96 |
| (b) Other financial liabilities | 13 | 112.61 | 65.71 |
| Provisions | 14 | 75.90 | 133.04 |
| Other liabilities | 15 | 428.88 | 822.22 |
| Income tax liabilities (net) | | 5.59 | - |
| **Total current liabilities** | | **1,049.15** | **1,626.83** |
| **Total equity and liabilities** | | **1,925.96** | **2,279.76** |

## Statement of profit and loss for the year ended March 31, 2023

*(All amounts in Rupees Lakh, unless otherwise stated)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 16 | 2,444.29 | 1,875.82 |
| Other income | 17 | 58.44 | 55.90 |
| **Total Income (I)** | | **2,502.73** | **1,931.72** |
| **Expenses** | | | |
| Projects bought outs and components consumed | 18a | 1,543.77 | 1,501.80 |
| Purchase of traded goods | 18b | 13.68 | - |
| (Increase) / decrease in inventories | 19 | 244.71 | (203.04) |
| Employee benefits expense | 20 | 227.97 | 282.17 |
| Finance cost | 21 | 4.76 | 2.75 |
| Depreciation and amortisation expense | 22 | 10.50 | 13.34 |
| Other expenses | 23 (a) | 225.10 | 173.26 |
| **Total expenses (II)** | | **2,270.49** | **1,770.28** |
| **Profit before tax (III) = (I-II)** | | **232.24** | **161.44** |
| **Tax expense** | 24 | | |
| Current tax | | 10.97 | 11.43 |
| Deferred tax | | - | - |
| **Total tax expense (IV)** | | **10.97** | **11.43** |
| **Profit for the year (V) = (III - IV)** | | **221.27** | **150.01** |
| **Other comprehensive income (OCI)** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Gain on re-measurement of defined benefit plans | 25 | 2.61 | 14.90 |
| Less: Income tax effect | | - | - |
| **Total other comprehensive income for the year (VI)** | | **2.61** | **14.90** |
| **Total comprehensive income for the year (VII) = (V) + (VI)** | | **223.88** | **164.91** |
| Earning per equity share (Basic and Diluted) [Nominal value per share Rs.10/- (March 31, 2022: Rs 10/-)] | 26 | **1.11** | **0.75** |

Summary of significant accounting policies 2
Summary of significant accounting judgements, estimates and assumptions 3
The accompanying notes are an integral part of the financial statements.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

**Sumit Kumar Agrawal**
Partner
Membership No. 135859

Place: Pune
Date: May 08, 2023

**For and on behalf of the Board of Directors of Thermax Cooling Solutions Limited**

**Sunil Raina**
Director
DIN: 09160928

**Sandeep Deshpande**
Director
DIN: 09748806

**Ravi Shewade**
Manager

**Ajit Sharma**
Chief Financial Officer

**Karan Parakh**
Company Secretary

Place: Pune
Date: May 08, 2023

## Statement of Changes in Equity for the year ended March 31, 2023

*(All amounts in Rupees Lakh, unless otherwise stated)*

**A Equity Share Capital^**

| Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the year | 10 | 2,000.00 | 2,000.00 |
| Changes in equity shares capital during the year | 10 | - | - |
| **Balance at the end of the year** | **10** | **2,000.00** | **2,000.00** |

**B Other Equity^**

| Particulars | Reserves & Surplus |
|---|---|
| | Retained Earnings |
| **As at April 01, 2021** | **(1,511.98)** |
| Profit for the year | 150.01 |
| Other Comprehensive Income | 14.90 |
| **Total comprehensive income** | **164.91** |
| **As at March 31, 2022** | **(1,347.07)** |
| Profit for the year | 221.27 |
| Other Comprehensive Income | 2.61 |
| **Total comprehensive income** | **223.88** |
| **As at March 31, 2023** | **(1,123.19)** |

^There are no adjustments on account of prior period errors or due to changes in accounting policies.

## Cash flow statement for the year ended March 31, 2023

***(All amounts are in Rupees Lakhs , except stated otherwise)***

| | Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| **A)** | **Cash flows from operating activities** | | | |
| | Profit before tax | | 232.24 | 161.44 |
| | **Adjustments to reconcile profit before tax to net cash flows** | | | |
| | Depreciation and amortisation expense | 22 | 10.50 | 13.34 |
| | Provision for impairment allowance of financial asset (net) | 23(a) | (3.11) | - |
| | Bad debts written off | 23(a) | 33.08 | - |
| | Loss on sale / discard of assets (net) | 23(a) | 0.10 | - |
| | Liabilities no longer required written back | 17 | (14.87) | (5.93) |
| | Interest expense | 21 | - | 2.75 |
| | Interest income | 17 | (43.57) | (45.43) |
| | **Working capital adjustments** | | | |
| | Decrease in trade receivables | | 347.28 | 649.97 |
| | Decrease / (increase) in Inventories | | 119.77 | (33.60) |
| | (Increase) / decrease in other financial assets | | (19.37) | 0.07 |
| | Decrease in other assets | | 50.40 | 18.38 |
| | (Decrease) in trade payables | | (169.19) | (495.19) |
| | Increase / (decrease) in other financial liabilities | | 46.90 | (96.96) |
| | (Decrease) in provisions | | (54.53) | (3.64) |
| | (Decrease) in other liabilities | | (393.34) | (142.72) |
| | **Net Cash generated from operations (A)** | | **142.29** | **22.48** |
| | Direct taxes refund / (paid) (net) | | 4.21 | (10.65) |
| | **Net cash flow from operating activities** | | **146.50** | **11.83** |
| **B)** | **Cash flows from investing activities** | | | |
| | Sale / (Purchase) of Property, plant and equipment and Intangible assets (net) | | 0.49 | **(0.04)** |
| | Interest/dividend received | | 43.57 | 45.43 |
| | (Investment in) / proceeds from bank investment (net) | | (259.59) | 29.78 |
| | **Net cash flow from / (used in) investing activities (B)** | | **(215.53)** | **75.17** |
| **C)** | **Cash flows from financing activities** | | | |
| | (Repayment) of short term borrowings | | - | (8.79) |
| | Interest paid | | - | (2.75) |
| | **Net cash flow (used in) financing activities (C)** | | **-** | **(11.54)** |
| | **Net increase in cash and cash equivalents** | | **(69.03)** | **75.46** |
| | Cash and cash equivalents at the beginning of the year | | 79.28 | 3.82 |
| | **Cash and cash equivalents at the end of the year** | | **10.25** | **79.28** |

**Reconciliation of cash and cash equivalents as per the cash flow statement:**

| | Note No. | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Cash and cash equivalents | 9 (a) | 10.25 | 79.28 |
| **Balances as per cash flow statement** | | **10.25** | **79.28** |

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

**Sumit Kumar Agrawal**
Partner
Membership No. 135859

Place: Pune
Date: May 08, 2023

**For and on behalf of the Board of Directors of Thermax Cooling Solutions Limited**

**Sunil Raina**
Director
DIN: 09160928

**Sandeep Deshpande**
Director
DIN: 09748806

**Ravi Shewade**
Manager

**Ajit Sharma**
Chief Financial Officer

**Karan Parakh**
Company Secretary

Place: Pune
Date: May 08, 2023

## 1. Corporate information

Thermax Cooling Solutions Limited ('the Company') supplies Air Cooled Condensers [ACC] which are widely used on turbine exhaust application with a view to reduce water consumption in power generation. The Company's remaining business includes electrostatic precipitators (ESP), Regenerative Air Preheaters and related services.

The Company is a public limited company incorporated and domiciled in India. The address of its registered office is Thermax House, 14, Mumbai – Pune Road, Wakdewadi, Pune - 411003, India. The Board of Directors have authorized to issue these financial statements on May 08, 2023. The CIN of the Company is U29299PN2009PLC134761.

**2. Significant accounting policies**

**2.1. Basis of preparation, measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirement od Division II of Schedule III to the Companies Act, 2013 (Act) as applicable to the financial statements.

The preparation of the financial statements requires the use of certain critical accounting estimates, assumptions and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**(b) Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following::

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans whereby the plan assets are measured at fair value.

**2.2 Changes in accounting policies and disclosures**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022:

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37**

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

There is no material impact on financial statements of the Company.

Several other amendments and interpretations apply for the first time in the year ended March 31, 2023, but do not have a material impact on financial statements of the Company.

**2.3 Summary of significant accounting policies**

**a. Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

**b. Foreign currencies**

The Company's financial statements are prepared in Rupees, which is the also functional currency of the Company.

**Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

**c. Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

  For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting policies for Financial instruments (Note no. 2.3 (h)
- Financial instruments and valuation techniques (Note no. 31 (a))

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered. These risks in respect of climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, these assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts. At present, the impact of climate-related matters is not material to the Company's financial statements.

**d. Property, Plant and Equipment**

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment | 5 | 15 to 20 |
| Office equipment | 5 | 15 |
| Furniture and fixtures | 10 | 10 |
| Computers and data processing units | 3 | 3 to 6 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**e. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

A summary of amortization rates applied to the Company's intangible assets is as below:

| Asset category | Life (years) |
|---|---|
| Computer software | 3 |

**f. Inventories :**

Raw materials, components, bought outs are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and work in progress are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

**g. Revenue recognition**

**i. Revenue from Contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both the parties, the right of the parties is identified, the payment terms are identified the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in its revenue arrangements as it has pricing latitude and is also exposed to credit risk. The Company collects goods and service tax on behalf of government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized. The Company has following steams of revenue:

- ***Revenue from Engineering, Procurement and Construction contracts***

Engineering, Procurement and Construction (EPC) contracts are contracts specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

i. The customer simultaneously consumes the benefits as the Company performs, or

ii. The customer controls the work-in-progress, or

iii. The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

If none of the criteria above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process as evidenced either by contractual termination clauses or by the rights of the Company to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

The Company estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

- ***Revenue from Sale of goods***

If the criteria for revenue under over-a-period of time as mentioned above are not met, the Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred. The Company provides for warranty provision for general repairs up to 12 – 24 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

**Contract balances**

**Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer note 2.3(h) below.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

**ii. Interest Income**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable. Interest income is included in the other income in the Statement of profit and loss.

**iii. Dividend**

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**h. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For purposes of subsequent measurement, financial assets are classified in following categories:

**Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the Statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income under EIR method.

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instruments as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments at amortised costs; e.g. loans, deposits, trade receivables and bank balance.

The Company follows simplified approach. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to the Statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of profit and loss. The Company has not designated any financial liability as at fair value through Statement of profit and loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the Statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

**Derecognition**

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**i. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**j. Income tax**

**Current income-tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside statement of profit or loss is recognized outside statement of profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

**k. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**Warranty provisions**

Provisions for warranty-related costs are recognized when the product is sold, or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

**Provision for onerous contracts**

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

**l. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

**m. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**3.1 Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Revenue from contracts with customers**

A significant portion of the Company's business relates to project contracts which is accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant judgements of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

**3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. EPC contracts:**

- **Provisions for liquidated damages claims (LDs):** The Company provides for LD claims to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to be recognized.
- **Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting

*(All amounts in Rupees Lakh, unless otherwise stated)*

date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings and accrued contract expenses.

- **Recognition of contract variations:** The Company recognises revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence

- **Provision for onerous contracts:** The Company provides for future losses on contracts where it is considered highly probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time.

The Company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, these assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

**ii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

**iii. Warranty provision**

The Company generally offers warranty for its various products. Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Warranty provisions are discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability.

**iv. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norms as the performance guarantee tests require certain time period after the supplies are completed.

**4 (a) Property, Plant and Equipment**

| Particulars | Computer | Office Equipment | Furniture & Fixtures | Plant & Machinery | Total |
|---|---|---|---|---|---|
| **Gross carrying amount as at April 01, 2021** | **11.32** | **0.21** | **0.02** | **1.31** | **12.86** |
| Additions | 0.04 | - | - | - | 0.04 |
| Disposals | - | - | - | - | - |
| **Gross carrying amount as at March 31, 2022** | **11.36** | **0.21** | **0.02** | **1.31** | **12.90** |
| Additions | - | - | - | - | - |
| Disposals | (0.59) | - | - | - | (0.59) |
| **Gross carrying amount as at March 31, 2023** | **10.77** | **0.21** | **0.02** | **1.31** | **12.31** |
| **Closing accumulated depreciation as at April 01, 2021** | **9.81** | **0.09** | **-** | **1.22** | **11.12** |
| Charge for the year | 0.02 | 0.05 | - | - | 0.07 |
| Disposals | - | - | - | - | - |
| **Closing accumulated depreciation as at March 31, 2022** | **9.83** | **0.14** | **-** | **1.22** | **11.19** |
| Charge for the year | 0.01 | 0.03 | - | - | 0.04 |
| Disposals | - | - | - | - | - |
| **Closing accumulated depreciation as at March 31, 2023** | **9.84** | **0.17** | **-** | **1.22** | **11.23** |
| **Net block March 31, 2023** | **0.93** | **0.04** | **0.02** | **0.09** | **1.08** |
| **Net block March 31, 2022** | **1.53** | **0.07** | **0.02** | **0.09** | **1.71** |

The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statement as per previous GAAP and had regarded those values as the deemed cost on the date of Ind AS transition (i.e. April 1, 2015). The Company has disclosed the gross block and accumulated depreciation above, for information purpose only.

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees Lakh, unless otherwise stated)*

### 4 (b) Intangible assets

| Particulars | Computer Software | Total |
|---|---|---|
| **Gross carrying amount as at April 01, 2021** | **42.91** | **42.91** |
| Additions | - | - |
| Disposals | - | - |
| **Gross carrying amount as at March 31, 2022** | **42.91** | **42.91** |
| Additions | - | - |
| Disposals | - | - |
| **Gross carrying amount as at March 31, 2023** | **42.91** | **42.91** |
| **Closing accumulated amortisation as at April 01, 2021** | **16.88** | **16.88** |
| Charge for the year | 13.27 | 13.27 |
| Disposals | - | - |
| **Closing accumulated amortisation as at March 31, 2022** | **30.15** | **30.15** |
| Charge for the year | 10.46 | 10.46 |
| Disposals | - | - |
| **Closing accumulated amortisation as at March 31, 2023** | **40.61** | **40.61** |
| **Net block March 31, 2023** | **2.30** | **2.30** |
| **Net block March 31, 2022** | **12.76** | **12.76** |

### 5 Other Financial assets

### (a) Other non current finacial assets

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | 2.70 | 1.56 |
| **Total** | **2.70** | **1.56** |

### (b) Other current finacial assets

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| Unbilled revenue (Contract assets) | 19.37 | - |
| **Total** | **19.37** | **-** |

**The following table summarises the change unbilled revenue**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| At the beginning of the year | - | - |
| Invoice during the year | - | - |
| Addition during the year | 19.37 | - |
| **At the end of the year** | **19.37** | **-** |

### 6 Other assets

### (a) Other non-current assets

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Balances with government authorities | 27.56 | 1.73 |
| **Total** | **27.56** | **1.73** |

### (b) Other current assets

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured considered good** | | |
| Advance to supplier | 8.35 | 79.83 |
| Advances to employee | 0.96 | 2.40 |
| Prepaid expenses | 2.59 | 5.90 |
| **Total** | **11.90** | **88.13** |

There were no advances due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

### 7 Inventories

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Components and bought-outs* | 124.94 | - |
| Finished goods# | - | 244.71 |
| **Total** | **124.94** | **244.71** |

* includes inventory with third party of Rs. 124.94 (March 31, 2022 : Rs. Nil)
# includes goods in transit of Rs. Nil (March 31, 2022 : Rs. 244.71)

### 8 Trade receivables

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade Receivables from:** | | |
| i) Related parties (refer note 29(d)) | 227.27 | 140.53 |
| ii) Others | 172.83 | 632.45 |
| **Total** | **400.10** | **772.98** |
| **Break-up for security details:** | | |
| Secured, considered good | 173.29 | - |
| Less: Impairment allowance | - | - |
| **Total (A)** | **173.29** | **-** |
| Unsecured, considered good | 237.21 | 786.04 |
| Less: Impairment allowance | (10.40) | (13.06) |
| **Total (B)** | **226.81** | **772.98** |
| Trade Receivables which have a significant increase in credit risk | - | - |
| Less: Impairment allowance | - | - |
| **Total (C)** | **-** | **-** |
| Trade Receivables - credit impaired | 68.88 | 69.33 |
| Less: Impairment allowance | (68.88) | (69.33) |
| **Total (D)** | **-** | - |
| **Total (A) + (B) + (C ) + (D)** | **400.10** | **772.98** |

*(All amounts in Rupees Lakh, unless otherwise stated)*

**The ageing of current trade receivables which are due for receipt:**

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | |
| (i) Undisputed Trade Receivables-considered good | 4.24 | 283.64 | 102.65 | 19.97 | - | - | **410.50** |
| (ii) Undisputed Trade Receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables- credit impaired | - | - | - | - | - | 68.88 | **68.88** |
| (iv) Disputed Trade Receivables-considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables- credit impaired | - | - | - | - | - | - | - |
| **Subtotal** | **4.24** | **283.64** | **102.65** | **19.97** | **-** | **68.88** | **479.38** |
| Less: impairment allowance | | | | | | | **(79.28)** |
| **Total** | **4.24** | **283.64** | **102.65** | **19.97** | **-** | **68.88** | **400.10** |

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | | |
| (i) Undisputed Trade Receivables-considered good | 721.77 | 16.56 | 43.12 | 3.91 | - | 0.68 | **786.04** |
| (ii) Undisputed Trade Receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables- credit impaired | - | - | - | - | - | 69.33 | **69.33** |
| (iv) Disputed Trade Receivables-considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables- credit impaired | - | - | - | - | - | - | - |
| **Subtotal** | **721.77** | **16.56** | **43.12** | **3.91** | **-** | **70.01** | **855.37** |
| Less: impairment allowance | | | | | | | **(82.39)** |
| **Total** | **721.77** | **16.56** | **43.12** | **3.91** | **-** | **70.01** | **772.98** |

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

**The following table summarises the change in impairment allowance measured using the life time expected credit loss model:**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| At the beginning of the year | 82.39 | 126.68 |
| Provisions made during the year | 10.40 | 5.11 |
| Utilized/reversed during the year | (13.51) | (49.40) |
| **At the end of the year** | **79.28** | **82.39** |

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person, nor any of the trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 29(f).

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

### 9 (a) Cash and cash equivalents

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| Balances with banks | | |
| - in current accounts | 10.25 | 79.28 |
| **Total** | **10.25** | **79.28** |

### 9 (b) Other bank balances

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| Deposits with original maturity of more than 3 months but less than 12 months | 1,317.26 | 1,058.81 |
| **Total** | **1,317.26** | **1,058.81** |

### 9 (c) Changes in liabilities arising from financing activities

| **Particulars** | **Borrowings** |
|---|---|
| **As on March 31, 2021** | (8.79) |
| Cash flow | 8.79 |
| Others (Including interest paid) | - |
| **As on March 31, 2022** | **-** |
| **Cash flow** | - |
| Others (Including interest paid) | - |
| **As on March 31, 2023** | **-** |

### 10 Share capital

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorized shares (Nos)** | | |
| 50,000,000 (March 31, 2022 : 50,000,000 ) Equity Shares of Rs 10 /- each. | 5,000.00 | 5,000.00 |
| | **5,000.00** | **5,000.00** |
| **Issued, subscribed and fully paid share capital (Nos)** | | |
| 20,000,000 (March 31, 2022 : 20,000,000) Equity Shares of Rs 10 /- each. | 2,000.00 | 2,000.00 |
| **Total issued, subscribed and fully paid-up share capital** | **2,000.00** | **2,000.00** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees Lakh, unless otherwise stated)*

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Particulars | Borrowings |
|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | |
| **At April 01, 2021** | **20,000,000** |
| Changes during the year | - |
| **At March 31, 2022** | **20,000,000** |
| Changes during the year | - |
| **At March 31, 2023** | 20,000,000 |

**(b) Terms/ rights attached to equity shares**

The Company has one class of equity shares having a face 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. 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.

**(c) Equity shares held by ultimate holding / holding company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Holding company** | | |
| Thermax Limited* | 2,000.00 | 2,000.00 |
| 20,000,000 (March 31, 2022: 20,000,000) equity shares of Rs. 10/- each fully paid | | |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Thermax Limited*** | | |
| % | 100.00 | 100.00 |
| No. of shares | 20,000,000 | 20,000,000 |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

*Includes 6 shares (March 31, 2022: 6 shares) held by nominee shareholders.

**11 Other equity**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Reserves and surplus** | | |
| **Retained earnings** | | |
| Opening balance | (1,347.07) | (1,511.98) |
| Add: Profit for the year | 221.27 | 150.01 |
| **Items of other comprehensive income recognised directly in retained earnings:** | | |
| Re-measurements gain of post-employment benefit obligations | 2.61 | 14.90 |
| **Net (deficit) in the statement of profit and loss** | **(1,123.19)** | **(1,347.07)** |
| **Total** | **(1,123.19)** | **(1,347.07)** |

**12 Trade payables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total outstanding dues of micro and small enterprises | 214.59 | 248.90 |
| Total outstanding dues of creditors other than micro and small enterprises | | |
| (i) Related parties (refer note 29(d)) | - | 60.34 |
| (ii) Others | 211.58 | 296.62 |
| | **211.58** | **356.96** |
| **Total** | **426.17** | **605.86** |

For terms and conditions relating to related party payables, refer note 29(f).

` Trade payables are non-interest bearing and are generally on terms of 30 to 90 days.

**Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 1. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| - Principal amount outstanding (whether due or not) to micro and small enterprises | 203.96 | 248.63 |
| - Interest due thereon | 0.61 | 0.27 |
| 2. The amount of payment made to the supplier beyond the appointed day during the year | 651.41 | 366.16 |
| 3. 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 the MSMED Act, 2006 | 4.15 | 1.82 |
| 4. The amount of interest accrued and remaining unpaid at the end of each accounting year | 4.76 | 2.09 |
| 5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | 10.63 | 5.87 |

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | |
| (i) MSME | 86.94 | 127.65 | - | - | - | **214.59** |
| (ii) Others | 82.37 | 88.09 | - | - | - | **170.46** |
| (iii) Disputed dues- MSME | | | | | | **-** |
| (iv) Disputed dues- Others | | | | | | **-** |
| **Subtotal** | **169.31** | **215.74** | **-** | **-** | **-** | **385.05** |
| **Unbilled trade payable*** | | | | | | **41.12** |
| **Total** | | | | | | **426.17** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees Lakh, unless otherwise stated)*

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | |
| (i) MSME | 171.67 | 19.80 | 1.18 | 3.44 | 1.27 | **197.36** |
| (ii) Others | 246.16 | 24.40 | 2.05 | 8.44 | 2.84 | **283.89** |
| (iii) Disputed dues- MSME | - | - | - | - | - | - |
| (iv) Disputed dues- Others | - | - | - | - | - | - |
| **Subtotal** | **417.83** | **44.20** | **3.23** | **11.88** | **4.11** | **481.25** |
| **Unbilled trade payable*** | | | | | | **124.61** |
| **Total** | | | | | | **605.86** |

*Includes year-end accruals.

## 13 Other financial liabilities

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments at fair value through profit or loss** | | |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | 0.92 | 7.50 |
| **At amortised cost** | | |
| Employee related payables | 35.19 | 26.16 |
| Other payables to group company | 76.50 | 32.05 |
| **Total** | **112.61** | **65.71** |

## 14 Current provisions

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity (refer note 28 (a)) | 26.68 | 24.43 |
| Provision for leave encashment | 16.46 | 18.98 |
| | **43.14** | **43.41** |
| Other provisions | | |
| Provision for onerous contracts | 2.41 | 34.09 |
| Provision for warranties | 30.35 | 55.54 |
| | **32.76** | **89.63** |
| **Total** | **75.90** | **133.04** |

**Provision for warranties**

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of such costs. It is expected that this expenditure will be incurred over the contracted warranty period ranging upto 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 3.04 higher or lower (March 31, 2022 Rs. 5.55).

**Provision for onerous contracts**

A provision for expected loss on construction contracts is recognised when it is probable that the contracts costs will exceed total contract revenue. For all other contracts, provision is made when the unavoidable costs of meeting the obligation under the contract exceed the estimated economic benefits. The timing of cash outflows in respect of such provision is over the contract period.

**Movement in provision**

| | Provision for onerous contracts | Provision for warranties |
|---|---|---|
| **As at April 1, 2022** | | |
| Balance at the beginning | 34.09 | - |
| Additional provision recognised | - | 28.75 |
| Utilised/ Reversed | (31.68) | (53.94) |
| **As at March 31, 2023** | **2.41** | **(25.19)** |
| Current | 2.41 | (25.19) |
| Non-current | - | - |
| **Total** | **2.41** | **(25.19)** |

## 15 Other liabilities

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue (Contract liabilities) | 61.68 | 449.59 |
| Customer advance (Contract liabilities) | | |
| (i) Related parties (refer note 29(d)) | 149.22 | 168.84 |
| (ii) Others | 215.61 | 190.13 |
| Statutory dues and other liabilities* | 2.37 | 13.66 |
| **Total** | **428.88** | **822.22** |

*includes GST, tax deducted at source, professional tax, provident fund etc.

For terms and conditions with related parties, refer note 29(f).

## 16 Revenue from operations

**(a) Revenue from contracts with customers:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Revenue from projects and products | 2,513.82 | 1,889.05 |
| | **2,513.82** | **1,889.05** |

**(b) Other operating income**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Export incentive | - | 0.33 |
| Exchange fluctuation (loss) (net) | (69.53) | (13.56) |
| **Total** | **(69.53)** | **(13.23)** |
| **Total revenue from operations** | **2,444.29** | **1,875.82** |

**(c) Disclosure pursuant to Ind AS 115: Revenue from Contracts with Customers**

**i) Revenue by category of contracts:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Over a period of time basis | 2,481.01 | 1,570.85 |
| At a point-in-time basis | 32.81 | 318.20 |
| **Total revenue from contracts with customers** | **2,513.82** | **1,889.05** |

**Revenue by geographical market:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within India | 2,511.84 | 1,867.85 |
| Outside India | 1.98 | 21.20 |
| **Total revenue from contracts with customers** | **2,513.82** | **1,889.05** |
| Other operating income | (69.53) | (13.23) |
| **Total revenue from operations** | **2,444.29** | **1,875.82** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees Lakh, unless otherwise stated)*

**ii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables (refer note 8) | 400.10 | 772.98 |
| Unbilled revenue (Contract assets) (refer note 5(b)) | 19.37 | - |
| Unearned revenue (Contract liabilities) (refer note 15) | 61.68 | 449.59 |
| Customer advances (Contract liabilities) (refer note 15) | 364.83 | 358.97 |

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to trade receivables on completion of milestones and its related invoicing.

The contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash positions on specific projects.

**iii) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Unearned revenue | 449.59 | 473.36 |
| Customer advance | 355.04 | 74.12 |

**iv) Changes in unbilled revenue and unearned revenue for the year**

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening unbilled revenue (refer note 5(b))** | - | - |
| **Opening unearned revenue (refer note 15)** | 449.59 | 773.68 |
| | **(449.59)** | **(773.68)** |
| - Transfer of contract assets to receivable from opening unbilled revenue | - | - |
| - Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue | 449.59 | 473.36 |
| - Transfer of contract assets to receivable | (2,042.93) | (1,274.14) |
| - Increase in revenue as a result of changes in the measure of progress | 2,000.59 | 1,097.49 |
| - Others* | 0.03 | 27.38 |
| | **(42.31)** | **(449.59)** |
| **Closing unbilled revenue (refer note 5(b))** | 19.37 | - |
| **Closing unearned revenue (refer note 15)** | 61.68 | 449.59 |
| | (42.31) | (449.59) |

* includes adjustments on account of onerous contracts, impairment allowance for the year etc.

**v) Performance obligations**

There are no major contracts with customers which have significant financing component included within them and therefore there is no difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

**vi) Remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

The Company applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amount of revenue yet to be recognised for contracts in progress as on March 31 | - | 6.89 |

The Company expects that a significant portion of the remaining performance obligation will be completed within next 1 year.

**vii) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

There is no significant variation between revenue recognised in Statement of profit and loss and contract price except price variation claims, which are considered to be part of contract price.

**17 Other income**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest income | | |
| Bank deposits | 42.39 | 45.28 |
| Others | 1.18 | 0.15 |
| Liabilities no longer required written back | 14.87 | 5.93 |
| Miscellaneous income | - | 4.54 |
| **Total** | **58.44** | **55.90** |

**18(a) Projects bought outs and components consumed**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | - | 169.44 |
| Projects bought outs and Components | 1,668.71 | 1,332.36 |
| | **1,668.71** | **1,501.80** |
| Inventories at the end of the year | (124.94) | - |
| **Total** | **1,543.77** | **1,501.80** |

**18(b) Purchase of traded goods**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Purchase of traded goods | 13.68 | - |
| **Total** | **13.68** | **-** |

**19 (Increase) / decrease in inventories**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | | |
| Work-in-progress | - | 26.25 |
| Finished goods | 244.71 | 15.42 |
| | **244.71** | **41.67** |
| Less: inventories at the end of the year | | |
| Work-in-progress | - | - |
| Finished goods | - | (244.71) |
| | - | (244.71) |
| **Total** | **244.71** | **(203.04)** |

*(All amounts in Rupees Lakh, unless otherwise stated)*

### 20 Employee benefits expense

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries,wages and bonus | 203.17 | 231.08 |
| Contribution to provident and other funds | 16.97 | 22.17 |
| Gratuity expense (refer note 28(a)) | 3.82 | 26.63 |
| Staff welfare expenses | 4.01 | 2.29 |
| **Total** | **227.97** | **282.17** |

### 21 Finance cost

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest expense: | | |
| - Bank | - | 0.66 |
| - Others | 4.76 | 2.09 |
| **Total** | **4.76** | **2.75** |

### 22 Depreciation and amortisation expense

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 4(a)) | 0.04 | 0.07 |
| Amortisation of intangible assets (refer note 4(b)) | 10.46 | 13.27 |
| **Total** | **10.50** | **13.34** |

### 23 (a) Other expenses

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Consumption of stores and spare parts | 0.61 | 2.23 |
| Freight and forwarding charges (net) | 137.17 | 94.83 |
| Site expenses and contract labour charges | 2.06 | 77.73 |
| Drawing, design and technical service charges | 0.65 | - |
| Advertisement and sales promotion | 0.31 | 0.01 |
| Rent | 3.97 | 3.74 |
| Rates and taxes | 22.03 | 0.54 |
| Insurance | 0.01 | 2.44 |
| Repairs and maintenance : Others | 7.13 | 12.19 |
| Travelling and conveyance | 10.01 | 15.01 |
| Legal and professional fees (includes payment to auditor, refer note 23(b)) | 16.05 | 16.88 |
| Bad debts/advances written off | 33.08 | - |
| Commission on sales | - | 0.29 |
| Provision for impairment allowance of financial asset (net) | (3.11) | (44.29) |
| Warranty expenses (net) | (25.19) | (18.91) |
| Loss on sale / discard of assets (net) | 0.10 | - |
| Miscellaneous expenses (includes printing, communication, postage, security expense, etc.) | 20.22 | 10.57 |
| **Total** | **225.10** | **173.26** |

### (b) Payment to auditors

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **As auditor:** | | |
| Audit fee | 7.00 | 7.50 |
| **In other capacity** | | |
| Other services | 2.00 | - |
| Reimbursement of expenses | 0.42 | - |
| **Total** | **9.42** | **7.50** |

### 24 Income taxes

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current tax | 10.97 | 11.43 |
| Deferred tax | - | - |
| **Total** | **10.97** | **11.43** |

The Company has computed the tax expense as per the tax regime announced under section 115BAA of the Income-tax Act, 1961. Accordingly, the current tax expense year ended March 31, 2023 and March 31, 2022 has been determined at the rate of 25.17%

The Company offset tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and liabilities. The Company has tax losses which arose in India of Rs. 726.59 (March 31, 2022: Rs. 963.73) that are available for offsetting for eight years against future taxable profits. The unabsorbed depreciation in India is Rs. Nil (March 31, 2022: Rs. 13.03) that are available for offsetting without any limit subject to certains terms. Deferred tax assets has not been recognised in books because of uncertainity of future taxable profits.

### 25 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

| | Retained Earnings |
|---|---|
| **During the year ended March 31, 2023** | |
| Re-measurement gains on defined benefit plans | 2.61 |
| **Total** | **2.61** |
| **During the year ended March 31, 2022** | |
| Re-measurement gains on defined benefit plans | 14.90 |
| **Total** | **14.90** |

### 26 Earning per share

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit attributable to the equity shareholders of the Company | 221.27 | 150.01 |
| Weighted average number of equity shares of Rs.10/- each | 20,000,000 | 20,000,000 |
| Basic and diluted earning per share | 1.11 | 0.75 |

### 27 Lease commitments

**Operating lease: Company as lessee**

The Company had taken office buildings on a short term cancellable operating lease from the Holding company. The Company has also taken guest house and other equipments on a short term cancellable operating lease. There were no sub-leases.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease payments for the year | 3.97 | 3.74 |

### 28 (a) Gratuity

"The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed five years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy. The fund has formed a trust and it is governed by the Board of Trustees.

The fund is subject to risks like changes in assets yields. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees Lakh, unless otherwise stated)*

**I Changes in the net benefit obligation and fair value of plan assets are as follows :**

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 1, 2021** | **122.15** | **(107.05)** | **15.10** |
| Current service cost | 12.20 | - | 12.20 |
| Interest expense/(income) | 2.95 | (5.04) | (2.09) |
| Transfer in / (out) | (66.85) | 83.37 | 16.52 |
| **Total amount recognised in Profit or Loss** | **(51.70)** | **78.33** | **26.63** |
| Actuarial (gain)/loss from change in financial assumptions | (13.94) | (0.96) | (14.90) |
| **Total amount recognised in Other Comprehensive Income** | **(13.94)** | **(0.96)** | **(14.90)** |
| Employer contributions | - | (3.00) | (3.00) |
| Moratlity charges | - | (0.60) | (0.60) |
| Benefits paid/ transfer out | (18.37) | 18.37 | - |
| **March 31, 2022** | **38.14** | **(13.71)** | **24.43** |
| Current service cost | 4.08 | - | 4.08 |
| Interest expense/(income) | 2.35 | (0.74) | 1.61 |
| Transfer in / (out) | (1.87) | - | (1.87) |
| **Total amount recognised in Profit or Loss** | **4.56** | **(0.74)** | **3.82** |
| Actuarial (gain)/loss from change in financial assumptions | (1.81) | (0.80) | (2.61) |
| **Total amount recognised in Other Comprehensive Income** | **(1.81)** | **(0.80)** | **(2.61)** |
| Moratlity charges | - | (1.04) | (1.04) |
| Benefits paid/ transfer out | (5.86) | 5.86 | - |
| **March 31, 2023** | **35.03** | **(8.35)** | **26.68** |

**II The net liability disclosed above relates to funded plans are as follows :**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Present value of funded obligation | 35.03 | 38.14 |
| Fair value of plan assets | (8.35) | (13.71) |
| **Net liability** | **26.68** | **24.43** |

**III Significant assumptions**

The significant actuarial assumptions were as follows :

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.40% | 6.90% |
| Salary growth rate | 7.00% | 7.00% |
| Expected return on plan assets | 6.90% | 6.40% |
| Normal retirement age | 60 years | 60 years |
| Mortality table | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2012-14) Ultimate |
| Employee turnover | 12% | 12% |

**IV Sensitivity assets**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

| Assumption | Impact on defined benefit obligation | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Discount rate** | | |
| 1.00% increase | Decrease by 1.52 | Decrease by 1.91 |
| 1.00% decrease | Increase by 1.64 | Increase by 2.09 |
| **Future salary increase** | | |
| 1.00% increase | Increase by 1.29 | Increase by 1.70 |
| 1.00% decrease | Decrease by 1.23 | Decrease by 1.59 |
| **Attrition rate** | | |
| 1.00% increase | Decrease by 0.02 | Decrease by 0.01 |
| 1.00% decrease | Increase by 0.02 | Increase by 0.01 |

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following are the expected future benefit payments from trust fund:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within next 12 months | 5.02 | 5.24 |
| Between 2-5 years | 25.34 | 26.79 |
| Between 6-10 years | 28.13 | 30.75 |

**V The major categories of plan assets are as follows:**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Investments with Insurer (LIC of India) | 100.00% | 100.00% |

**(b) Contribution Fund**

Contributions are made to Provident Fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs. 9.63 (March 31, 2022 Rs. 7.66)

The Company has also made contibution to super annuation funds and National Pension Scheme (NPS) amounting to Rs. 6.75 (March 31, 2022: Rs. 13.84)

**29 Related party disclosures**

**(a) Parent entities**

| Sr No. | Particulars | Place of business/ Country of incorporation | Ownership interest | | Type |
|---|---|---|---|---|---|
| | | | March 31, 2023 | March 31, 2022 | |
| 1 | RDA Holdings Private Limited | India | - | - | Ultimate holding company |
| 2 | Thermax Limited | India | 100.00% | 100.00% | Holding company |

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees Lakh, unless otherwise stated)*

**(b) Key Management Personnel:**

| Sr.No. | Name | Designation |
|---|---|---|
| 1 | Rajendran Arunachalam | Director (upto November 3, 2022) |
| 2 | B. C. Mahesh | Director (upto July 28, 2022) |
| 3 | Sunil Raina | Director (w.e.f. May 3, 2021) |
| 4 | Ravi Shewade | Manager (w.e.f. May 3, 2021) |
| 5 | Ajit Sharma | Chief Financial Officer (w.e.f. July 27, 2021) |
| 6 | Kajal Kabra | Company Secretary (upto January 25, 2023) |
| 7 | Sandeep Deshpande | Director (w.e.f. November 3, 2022) |
| 8 | Kirtiraj Jilkar | Director (w.e.f. July 28, 2022) |
| 9 | Venkatesh Balasubramanian | Director (upto May 3, 2021) |
| 10 | Dinesh Badgandi | Chief Executive Officer (upto May 3, 2021) and Director (upto May 3, 2021) |
| 11 | Dinesh Sheth | Chief Financial Officer (upto July 27, 2021) |
| 12 | Karan Parakh | Company Secretary (w.e.f. February 2, 2023) |

**(c) Transactions with Related parties:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Transactions during the year** | | |
| **Thermax Limited** | | |
| Revenue from contracts with customer | 1,114.93 | 859.00 |
| Rent paid | 3.79 | 2.84 |
| Miscellaneous expenses (corporate overheads) | 15.00 | 8.40 |
| Repairs and maintenance : others | - | 7.09 |
| Expenses recovered | 10.26 | 25.89 |
| Reimbursement of expenses | 37.21 | 56.86 |

**(d) Balances with related parties:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances as at the year end** | | |
| Thermax Limited | | |
| Trade receivables | 227.27 | 140.53 |
| Customer advances | 149.22 | 168.84 |
| Trade payables | - | 60.34 |
| Other financial liability | 76.50 | 32.05 |
| Corporate guarantee received | 1,200.00 | 3,500.00 |

**(e) KMP Remuneration***

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Ravi Shewade | 30.78 | 25.25 |
| Dinesh Sheth | - | 5.18 |
| Ajit Sharma | 17.01 | 15.46 |
| Kajal Kabra | 6.37 | 4.81 |

*Does not include gratuity and leave encashment since the same is calculated for all employees of the company as a whole.

**(f) Terms and conditions of related party transactions**

The sales to and purchases from related parties are assessed to be at arm's length transactions by the management.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

**30 Fair value measurements**

**(a) Category of financial instruments and valuation techniques**

**Details of financial assets carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables | 400.10 | 772.98 |
| Other financial assets | 22.07 | 1.56 |
| Cash and cash equivalents | 10.25 | 79.28 |
| Bank balances other than cash and cash equivalents | 1,317.26 | 1,058.81 |
| **Total** | **1,749.68** | **1,912.63** |
| Current assets | 1,746.98 | 1,911.07 |
| Non-current assets | 2.70 | 1.56 |
| Total | **1,749.68** | **1,912.63** |

The management has assessed that the carrying amounts of the above financial instruments appoximate their fair values.

While calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future.

**Details of financial liabilities carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payable | 426.17 | 605.86 |
| Employee related payables | 35.19 | 26.16 |
| Other payables to group company | 76.50 | 32.05 |
| **Total** | **537.86** | **664.07** |
| Current liabilities | 537.86 | 664.07 |
| Non-current liabilities | - | - |
| **Total** | **537.86** | **664.07** |

The management has assessed that the carrying amounts of the above financial instruments appoximate their fair values.

**Details of derivative liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments** | | |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | 0.92 | 7.50 |
| **Total** | **0.92** | **7.50** |
| Current liabilities | 0.92 | 7.50 |
| Non-current liabilities | - | - |
| **Total** | **0.92** | **7.50** |

The Company enters into derivative financial instruments with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs which captures credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. The Company has a practice to settle all derivative contracts on or before its maturity using the sanctioned finance limits with banks, thereby eliminating both counterparty and the Company's own non-performance risk.

**31 Financial risk management**

The Company's principal financial liabilities comprise 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.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees Lakh, unless otherwise stated)*

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

**I Market risk**

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

**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 is not currently exposed significantly to such risk.

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts (foreign currency forward contracts) that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

**c Price risk**

The Company is not exposed to such kind of risk.

**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 contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**Trade receivables**

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 5 and 8 above. The charge of impairment to Statement of profit and loss is diclosed in note 23(a) above. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Financial instruments and bank deposits**

Credit risk from balances with banks, mutual funds, loans and other financial assets are managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties having a good market reputation and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 and March 31, 2022 is the carrying amounts as disclosed in Note 5(a), 9(a) and 9(b).

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**(i) Maturities of financial liabilities**

The tables below summarises the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

| March 31, 2023 | < 1 year | 1 to 3 years | > 3 years |
|---|---|---|---|
| **Non- derivative** | | | |
| Trade payables | 426.17 | - | - |
| Other financial liabilities | | | |
| Employee related payable | 35.19 | - | - |
| Other payables | 76.50 | - | - |
| **March 31, 2022** | **< 1 year** | **1 to 3 years** | **> 3 years** |
| **Non- derivative** | | | |
| Borrowings | - | - | - |
| Trade payables | 605.86 | - | - |
| Other financial liabilities | | | |
| Employee related payable | 26.16 | - | - |
| Other payables | 32.05 | | |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees Lakh, unless otherwise stated)*

**32 Key Financial Ratios**

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022:

| Particulars | Numerator | Denominator | As at March 31, 2023 | As at March 31, 2022 | Variance | Reasons for variance |
|---|---|---|---|---|---|---|
| Current ratio | Current assets | Current liabilities | 1.80 | 1.38 | 0.30 | Improvement in current ratio is on account of reduction in trade payables and unearned revenue. |
| Return on equity ratio | Profit after tax | Average shareholder's equity | 0.29 | 0.26 | 0.10 | |
| Inventory turnover ratio | Cost of goods sold# | Average inventories | 9.75 | 5.70 | 0.71 | Change in inventory turnover ratio is due to increase in raw material purchases for unexecuted project orders. |
| Debtors turnover ratio | Revenue from operations | Average trade receivables | 4.17 | 1.71 | 1.44 | Change in debtors turnover ratio is on account of increase in overall operation and better collection of account receivable during current year. |
| Trade payables turnover ratio | Total supplier purchases*# | Average trade payables | 3.51 | 2.04 | 0.72 | Improvement in trade payables turnover ratio is on account of increase in turnover and reduction in average accounts payable. |
| Net capital turnover ratio | Revenue from operations | Working capital ** | 2.93 | 3.04 | (0.04) | |
| Net profit ratio | Profit after tax | Revenue from operations | 0.09 | 0.08 | 0.13 | |
| Return on capital employed (ROCE) | Profit before tax + finance cost | Capital employed *** | 0.27 | 0.25 | 0.07 | |
| Return on investment (ROI) | Profit after tax | Shareholder's equity | 0.25 | 0.23 | 0.10 | |

**Explanations:**
** Total current assets - Total current liabilities
*** Total equity
#Projects bought outs and components consumed + Purchase of traded goods + (Increase) / decrease in inventories
*#Projects bought outs and components consumed + + Purchase of traded goods + Other expenses - Provision for impairment allowance of financial asset (net) -Warranty expenses (net)

**33 Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2023.

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables | 426.17 | 605.86 |
| Less: Cash and cash equivalents | (1,327.51) | (1,138.09) |
| **Net (surplus) / debt** | **(901.34)** | **(532.23)** |
| Equity | 876.81 | 652.93 |
| **Capital and net debt** | **(1,778.15)** | **(1,185.16)** |

**34 Other Statutory Information**

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company has not made any such 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).

**35 Standards issued but not yet effective**

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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees Lakh, unless otherwise stated)*

**(i) Ind AS 1 Presentation of financial statements -** The amendment specifies that an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The Company is in process of evaluating this amendment.

Several other amendments and interpretations apply for the first time in the year ended March 31, 2023, but do not have a material impact on financial statements of the Company.

**36** On December 20, 2022, the board of directors of the Company has approved demerger, subject to the approval from the regulatory authorities as may be necessary for the Air Condensed Cooler (ACC) business. The Company will continue to operate and build market for remaining business. Under the above scheme, (which envisages an appointed date of April 01, 2023), the Company's ACC business is proposed to be demerged. The Vendors of the Company in their meeting convened on March 14, 2023, pursuant to the direction of the NCLT, have approved the scheme of demerger. The Company's scheme petition has been admitted by the NCLT on March 28, 2023. As on the reporting date the demerger application is pending with NCLT.

As at the reporting date the Company does not have any order back log for remaining business and the management is in discussions with internal and external market participants including the holding company to evaluate and explore future business opportunities and prospects in relation to the remaining business of the Company.

As on March 31, 2023, the Company has sufficient cash balances to meet it is obligation and honour the commitments. Management is confident of recovering asset balances (including tax balances) with the alternative plan available and hence, financial statement have been prepared on a going concern basis.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

**Sumit Kumar Agrawal**
Partner
Membership No. 135859

Place: Pune
Date: May 08, 2023

**For and on behalf of the Board of Directors of**
**Thermax Cooling Solutions Limited**

**Sunil Raina**
Director
DIN: 09160928

**Sandeep Deshpande**
Director
DIN: 09748806

**Ravi Shewade**
Manager

**Ajit Sharma**
Chief Financial Officer

**Karan Parakh**
Company Secretary

Place: Pune
Date: May 08, 2023

# Thermax Babcock & Wilcox Energy Solutions Limited

## (formerly Thermax Babcock & Wilcox Energy Solutions Private Limited)

### *Board of Directors*
Ashish Bhandari, Chairman
Nawshir Mirza
Pravin Karve
Rajendran Arunachalam
Ravinder Advani
Rajani Kesari
Shekhar Kashalikar

### *Registered Office*
Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema, Colaba,
Mumbai - 400039, Maharashtra, India

### *Auditors*
SRBC & Co. LLP (FRN- 324982E/E300003)
C, Ground Floor
Panchshil Tech park,
Yerawada, Pune - 411006.

### *Key Managerial Personnel*
Shekhar Kashalikar( Chief Executive Officer w.e.f from July 29, 2022)
Bhavesh Chheda, Chief Financial Officer
Apurva Gupte, Company Secretary

### *Corporate office*
Energy House,
D-II Block, Plot No.38/39,
MIDC Chinchwad
Pune - 411019

### *Bankers*
ICICI Bank Ltd.
Citibank N.A.,
Hong Kong & Shanghai Banking Corporation,
Union Bank of India

### *Manufacturing Facility*
Plot No. A-2 & A-3, Khandala Industrial Area, Phase-I, MIDC, Village Kesurdi, Tal-Khandala, Dist. Satara-412802, Maharashtra.
Plant No. 5, 12, 15 at D-13, MIDC, Industrial Area, R.D. Aga road, Chinchwad, Pune- 411019
Survey No. 169, Village Dhrub, Taluka Mundra, Mundra 370421, District Kutch, Gujarat.
Plot No 21-1/2/3, GIDC Manjusar, Taluka Savali, District - Vadodara - 391775, Gujarat.

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**DIRECTORS' REPORT**

Dear Shareholders,

Your directors take pleasure to present the Thirteenth Annual Report, together with the audited financial statements of your company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

(Rs.in crore)

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Total income | **2,155.93** | 1647.48 |
| Profit/(Loss) before exceptional items and tax | **116.54** | 89.28 |
| Exceptional items | - | -- |
| Profit /(Loss) before tax | **116.54** | 89.28 |
| Current Tax | - | -- |
| Deferred tax | **24.36** | 22.83 |
| Profit/ (Loss) for the year | **92.18** | 66.45 |

**PERFORMANCE**

The company is a wholly owned subsidiary of Thermax Limited.

By expanding the solutions basket, your Company has generated sizable additional revenue & order book. Your company has achieved growth of more than 25% in Revenue & more than 15% in order booking.

During the year, the company received orders through competitive bidding for the expansion projects of Indian Oil & Gas companies. The company has continued its efforts in utilizing process waste heat, waste material, as well as different biomass to transition to green energy solutions for its customers.

The company is working on various levers of energy transition to offer additional solutions in line with market changes.

**AMOUNTS TRANSFERRED TO RESERVES**

There was no transfer to reserves during the reporting period.

**DIVIDEND**

The directors do not recommend any dividend for the year.

**MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

**CHANGES IN SHARE CAPITAL, IF ANY**

There was no change in the share capital of the company.

**DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint Venture or Associate Company.

**DEPOSITS**

The company has not accepted any deposits under Chapter V of the Companies Act, 2013.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of section 186 of the Companies Act, 2013 are given in the Financial Statements.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The company has constituted the Audit & Risk Management Committee in accordance with the provisions of the Companies Act, 2013 and thus direct access to the Chairman of the Audit & Risk Management Committee in exceptional or appropriate cases would be provided in the said mechanism.

**EMPLOYEE STRENGTH**

The total number of permanent staff and workmen as on March 31, 2023 was 1,587.

**PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, duly amended, in respect of employees of the company, will be provided upon request. In terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to all the members and others entitled to receive it. Any shareholder interested in obtaining such particulars may write to the company secretary. The information is also available for inspection at the corporate office during working hours up to the date of the Annual General Meeting.

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

The information on the conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as Annexure 1.

**BUSINESS RISK MANAGEMENT**

The company has instituted proven and established best practices for risk management, adopted from its holding company. It utilizes a structured and documented project risk and opportunity management system to review bids for new business. Risk management and mitigation is an integral part of this process. It also tracks and manages identified risks through periodic reviews during project execution.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Internal audit observations and recommendations are presented to the audit & risk management committee for implementation of improvements/ modification of controls, as needed.

The internal control systems are adequate and commensurate with the nature and size of the business.

There are no findings which have significantly impacted the financial reporting.

**SECRETARIAL STANDARDS**

The Company has complied with the Secretarial standards issued by the Institute of Company Secretaries of India.

**INTERNAL AUDIT**

The internal audit at Thermax Group is carried out by the in-house Internal Audit Department with co-sourcing support. For scope determination, planning the audit and conducting reviews, the Internal audit department has been consistently following an audit cycle of July to June every year, which ensures review of transactions included in financial year April to March. The internal audit is risk based with a focus on controls for management of risks. The Directors consider this approach to meet the desired purpose of Internal Audit.

**BOARD EVALUATION**

Annual evaluation of the Board was conducted during the year.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**Directors**

Mr. Shekhar Kashalikar was appointed as an additional Director w.e.f. July 29, 2022 and his appointment was regularized on September 28, 2022.

As per the provisions of the Companies Act, 2013 and the company's Articles of Association, Mr. Ashish Bhandari and Mr. Nawshir Mirza retires by rotation and being eligible offers himself for re-appointment as director.

**Key Managerial Personnel (KMP)**

Mr. Pravin Karve, CEO of the company has tendered resignation on July 29, 2022 and Mr. Shekhar Kashalikar was appointed as the Chief Executive Officer of the Company w.e.f. July 29, 2022.

**Board Meetings**

During the year, the Board met four times on May 18, 2022, July 29, 2022, November 9, 2022, and February 3, 2023. The intervening gap between the meetings was within the prescribed limit mentioned under the Companies Act, 2013.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (3) (c) of the Companies Act, 2013, your directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state that -

a) In the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed;

b) Appropriate accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on March 31, 2023 and of the profit of the company for the year ended on that date;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) The annual accounts have been prepared on a going concern basis;

e) Proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

**BOARD COMMITTEES**

Presently, the Board has the following three committees:

- Audit & Risk Management Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee

**RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the company with promoters, directors, key managerial personnel or other designated persons which may have a potential conflict with the interest of the company at large.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the company and its future operations.

**PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The company is committed to provide a safe and conducive work environment to its employees.

There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**STATUTORY AUDITORS**

M/s. SRBC & Co. LLP, Chartered Accountants, were appointed as the statutory auditors of the Company till the conclusion of the 15th Annual General Meeting (AGM) of the company.

**SECRETARIAL AUDITORS**

In accordance with the provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed M/s. Amit Jaste & Associates, Company Secretaries, Mumbai as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed herewith as "Annexure 2" and is self-explanatory.

**COST AUDITORS**

In terms of Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune was appointed as the Cost Auditors of the company.

**DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)**

During the year under review, there were no frauds reported by the auditors to the Audit & Risk Management Committee or the Board under section 143(12) of the Act.

**THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

During the year there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of onetime settlement with any Bank or Financial Institution.

**ACKNOWLEDGEMENTS**

Your directors wish to place on record their gratitude for the valuable assistance and cooperation extended to the company by its employees, bankers, customers, strategic partners and all the stakeholders. Your directors look forward to their continued support in the future as well

**For and on behalf of the Board of Directors of**
**Thermax Babcock & Wilcox Energy Solutions Ltd.**

Place: Pune,
Date: May 12, 2023

**Ashish Bhandari**
Chairman

***Annexure-1 to the Directors' Report***

**Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo**

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

**A. Conservation of Energy**

**(i) Steps taken for Conservation of Energy**

During the year, the following measures were taken for energy and resource conservation.

**a. Electricity:**

The company continued its efforts to utilise energy optimally at its manufacturing facilities and office locations. Energy conservation measures adopted across the company have made energy usage more efficient.

b. The company has successfully implemented various operational efficiency projects at its manufacturing plants such as arresting compressor leakages, installing motion sensors to avoid excess use, and installing LED in shops. These initiatives have not only helped company to reduce its energy consumption and greenhouse gas emissions (757 $tCO_2e$), but also to improve its operational efficiency and reduce cost

**c. Fuel:**

During this year, there is no new project implemented.

**d. Water:**

The company continued its efforts to conserve water resources by recycling a major portion of its wastewater and reducing its water consumption as well as controlling water losses in manufacturing and office locations of the company. These efforts at factory locations of Pune, Savli, Mundra, Shirwal have resulted in saving 42648 $m_3$ water during the year.

**(ii) Steps taken by the company for utilising alternate sources of energy:**

The company continues its efforts to utilise alternate sources of energy at plant locations. The total installed capacity of 772 kWp of rooftop captive solar power generation projects at Savli, and Energy house office at Pune. The energy house has generated 51,557 units during year.

The company is procuring renewable (Wind Energy) power at Shirwal plant through open access mechanism.

**Expenditure on R&D- Nil**

**Foreign exchange Earnings and Outgo**

During the year the company had net foreign exchange inflow and outflow of Rs. 251.53 crore.

***Annexure 2***

**FORM NO. MR-3**
**SECRETARIAL AUDIT REPORT**
**For the Financial Year Ended March 31, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS LIMITED**
Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema, Colaba
Mumbai MH 400039

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Thermax Babcock & Wilcox Energy Solutions 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 31st March, 2023 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(not applicable to the Company during the Audit period)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(not applicable to the Company during the Audit period)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment; **(not applicable to the Company during the Audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **(Following sub-clauses (a) to (h) are not applicable to the Company during the Audit period as Company continues to be a Unlisted Public Company in its Articles under Section 2(71) of the Act)**

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

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

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

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

(vi) Following important specific laws applicable to the Company, as confirmed by the Company were substantially complied with:

(i) The Boilers Act, 1923 (ii)The Environment (Protection) Act, 1986 (iii) The Contract Labour (Regulation and Abolition), Act 1970

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

(i) Secretarial Standards (SS.1 relating to meetings of Board of Directors & SS.2 relating to General Meetings) issued by the Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; ***(Not applicable to the Company during the Audit Period)***

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except when meetings were called at shorter notice as permitted u/s. 173(3) of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of Board of Directors or Committee of Board as the case maybe.

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

I further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc;

**For Amit Jaste & Associates**
**Practising Company Secretaries**

**Amit Jaste** **FCS No.:7289**
**Proprietor** **CP No.:12234**
Date: 12/05/2023
Place: Mumbai
UDIN: F007289E000298571

**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**

**"ANNEXURE A"**

To,
The Members,
**THERMAX BABCOCK & WILCOX ENERGY SOLUTIONS LIMITED**
Dhanraj Mahal, 2nd Floor,
Chhatrapati Shivaji Maharaj Marg,
Near Regal Cinema, Colaba
Mumbai MH 400039

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

1) Maintenance of secretarial records 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 representation about the compliance of laws, rules and regulations and happening of events, etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of 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 Amit Jaste & Associates**
**Practising Company Secretaries**

**Amit Jaste** **FCS No.:7289**
**Proprietor** **CP No.:12234**
Date: 12/05/2023
Place: Mumbai
UDIN: F007289E000298571

## MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

### COMPANY OVERVIEW

Your company is an engineering and capital goods manufacturing company. The company offers sustainable solutions in energy to both industrial and utility segments. Our solutions include Turnkey projects involving Waste Heat Recovery Systems, Renewable fired boilers, Waste to energy projects, Fossil fuel fired Boilers, and Fired Heaters. The Waste Heat Recovery Solutions are available for a wide spectrum of industries such as cement, sponge iron, refineries, & chemical, Combined cycle power plants etc. The company also offers a range of Plant Improvement Projects that increase capacity, reliability, emissions performance, useful lives and efficiency of existing plants. The company serves its own as well as competitors' customers by offering expert technical services, spare parts, engineering study, remaining life assessment services, etc. It has a global presence with installations in several countries spread over Southeast Asia, Middle East, Africa and Europe.

### ECONOMIC REVIEW

**Global Economy**

During the financial year 2022-23, the global economy continued to have impact of conflict in Europe as well as recessionary pressure. Key electrical, electronic component deliveries are still stretched and investment in energy sector are slow.

**Indian Economy**

On the domestic front, the Indian economy has done well with sustained investments in infrastructure and related industries. Most of the investments are now moving towards greener & carbon neutral energy. Your company is closely monitoring the customer trends are providing new/modified energy solutions.

**Operational Performance**

In financial year 22-23, your Company has generated sizeable additional revenues (>30%) & the order booking has also improved (>15%) over previous year.

During the year, the company focused on offering Green Renewable Energy Solutions to its clients by building new products & expanding the existing product lines. The company has also continued to win contracts for plants that utilize process waste, such as Non-Recyclable Solid Waste from Paper Plants, Spent Wash from Distilleries along with traditional biomass like Bagasse, Rice Straw, Rice Husk, etc. With this experience, your company is poised to deliver more green solutions in years to come to help the industrial users to achieve their Sustainability Goals.

Your company received a large order from upcoming oil refinery sector in the state of Rajasthan. The work on this order is already started and this will be executed in the coming year. Your company has also received another order from a PSU oil refinery for fired heaters for their expansion project. Both these orders are received through a competitive bidding process.

The company's focus on collection of outstanding amounts and on reduction of inventories to optimal levels has helped the company to continue with the trend of negative working capital.

### FINANCIAL PERFORMANCE

In FY 2022-23, the company's revenue was Rs. 2,126.00 crores as compared to the previous year's Rs. 1,624.58 crores. The profit before tax and exceptional items was Rs.116.54crores (last year Rs. 89.28 crores).

### OPPORTUNITIES AND THREATS

**Opportunities**

1. Your company's continuous research and development for addressing new applications and new energy sources including recovery from waste heat, industrial & domestic waste is well aligned with the shifting focus to renewables in growing global energy demand. This provides the biggest growth opportunity.

2. Your Company's work with modularization which maximizes Indian value added to an international project whilst minimizing the site work, thus being well aligned to the Government's vision of "Make in India" & the customer's imperative of lower costs, higher quality & faster installation.

3. Your company has indigenized the technology obtained for Municipal Solid Waste (MSW) incineration systems. The company expects the market for municipal waste to energy systems to increase in the near future.

**Threats**

1. While the steel prices have stabilized, the prices of critical boiler quality tubes have remained high as well as alloy steel prices have increased due to increase in certain basic metals. This affects profitability as well as supply chain issues due to demand supply gap situation for certain sizes. The company is trying to mitigate these effects with closer working with vendors & supply chain partners.

2. The conflict in Europe, global inflationary trends is creating uncertainty in business growth & costs. Your company is monitoring the situation closely to ensure that we can take swift actions in line with the challenges posed by the developing situation.

### RISK MANAGEMENT

The company is integrated within the Parent company's Enterprise Risk Management (ERM) framework for identification, assessment, mitigation, and reporting of risks. The Risk Management Council of the parent company carries out a detailed review of key risks facing the Group, its impact on strategic decisions and mitigation measures. The review of these risks is done based on the important changes in the external environment, which have a significant bearing on the risks. The company actively keeps track of changes in the domestic economic environment, geopolitical developments, key commodity prices such as steel, non-ferrous metals, iron ore, oil and coal, currency and interest rate movement.

### INTERNAL CONTROL

The company uses the services of the internal audit function of the Parent company which continuously evaluates the quality of its controls and the extent of compliance with them. Internal Financial Controls were specifically audited by an external audit firm. The company uses enterprise resource planning software in its operations that contain a variety of in-built controls. Careful analysis is done for variations between performance and plan. The company has a strong culture and processes that reduce the risk of unethical conduct. These include a clear code of conduct and whistle-blowing processes. Based on all of the above, the Board believes that the internal controls are adequate and that they operated effectively during the year and are in line with the ESG goals set by the Parent Company.

### ENVIRONMENT, HEALTH AND SAFETY (EHS)

The EHS performance of the company is reviewed every quarter by the CEO. EHS council reviews the safety performance and carries out immediate corrections as well as preventive actions to ensure high levels of EHS performance at factory locations and project sites.

The company has started work on behavior based safety initiative (BBS) to further internalize the safety processes and safety culture in various aspects.

**HUMAN RESOURCE**

Your company's focus on taking care of all the Human Resources & training them to continuously upgrade the skills continues. Several training programs including Management Development Program (MDP) for middle management are continued for all the employees.

**CAUTIONARY STATEMENT**

The Management Discussion and Analysis contains statements about future events, financial and operating results of the company, which are forward-looking. By their nature, forward-looking statements require the company to make assumptions and are subject to change based on risks and uncertainties. A number of factors could cause assumptions and actual future results and events to differ materially from those expressed in the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements.

**Annual Report on CSR Activities and CSR Policy**

**1. A brief outline on CSR Policy of the company**

The Company is a wholly owned subsidiary of Thermax Limited. The Company is committed to contribute to the welfare of the community in which it is carrying out its business operations. Being a wholly owned subsidiary of Thermax Limited, it has been decided that the CSR policy of the company will be aligned with the CSR policy of Thermax Limited and the CSR activities of the company shall be conducted through Thermax Foundation (TF).

**2. Composition of the CSR Committee**

During the year, the Committee met once on February 3, 2023. Details of the Committee members and meetings attended by the members are as follows:

| Sl. No. | Name of the Director | Designation /Nature of Directorship | Number of Meetings of the CSR Committee Held during the Year | Number of Meetings of the CSR Committee Attended During the Year |
|---|---|---|---|---|
| 1 | Rajendran Arunachalam | Chairman | 1 | 1 |
| 2 | Shekhar Kashalikar | Director | 1 | 1 |

| | | |
|---|---|---|
| 3. | Provide the web link where the composition of the CSR committee, CSR policy and CSR projects approved by the Board are disclosed on the website of the company | https://www.thermaxglobal.com/corporate-governance-policies-and-disclosures/ |
| 4. | Provide the executive summary along with web-link(s) of impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable | **Not Applicable** |

5. (a) Average net profit of the company as per sub-section (5) of section 135: **Rs. 39.40 crore**

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: **Rs. 78,80,000**

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **NA**

(d) Amount required to be set-off for the financial year, if any: **NA**

(e Total CSR obligation for the financial year [(b)+(c)-(d)]: **Rs. 78,80,000**

6. (a) Amount spent on CSR Projects (both ongoing projects and other than ongoing projects): Rs. 78,80,000

(b) Amount spent in Administrative Overheads: **Nil**

(c) Amount spent on Impact Assessment, if applicable: **NA**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **Rs. 78,80,000**

(e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per sub section (6) of section 135. | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135. | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer |
| **Rs. 78,80,000** | Not Applicable | | | | |

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

| Sl. No. | Particulars | Amount (in Rs.) |
|---|---|---|
| 1 | 2 | 3 |
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | **Rs. 78,80,000** |
| (ii) | Total amount spent for the Financial Year | **Rs. 78,80,000** |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NIL |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | NA |

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

| (1) | (2) | (3) | (4) | (5) | (6) | | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in Rs.) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Amount Spent in the Financial Year (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in Rs) | Deficiency, if any |
| | | | | | Amount (in Rs) | Date of Transfer | | |
| Not Applicable | | | | | | | | |

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

O Yes ☑ No

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| (1) | (2) | (3) | (4) | (5) | (6) | | |
| Not Applicable | | | | | | | |

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub section (5) of section 135 - NA**

**Shekhar Kashalikar**
(Chief Executive Officer & Director)

**Rajendran Arunachalam**
(Chairman, CSR Committee)

**Independent Auditor's Report**

To the Members of Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as Thermax Babcock & Wilcox Energy Solutions Private Limited)

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Thermax Babcock & Wilcox Energy Solutions Limited ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that, backup of certain books and records (i.e. employee reimbursement system) maintained in electronic mode have not been maintained on servers physically located in India on daily basis as mentioned in Note 41 of the financial statements;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended specified under section 133 of the Act;

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

   (f) The qualification relating to the maintenance of accounts and other matters connected therewith is as stated in the paragraph 2(b) above;

   (g) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this Report;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18(b) to the financial statements;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

      iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

      c) Based on such audit procedures performed 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 (a) and (b) contain any material misstatement.

      v. No dividend has been declared or paid during the year by the Company;

      vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKU3286

Date: May 12, 2023

**Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

Re: Thermax Babcock & Wilcox Energy Solutions Limited ("the Company")

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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

(b) All Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transaction Act, 1988 and rules made thereunder.

ii. (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2023 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and confirmations.

(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

iii. (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties as follows:

(Rs. Crores)

| | Guarantees | Security | Loans | Advances in nature of loans |
|---|---|---|---|---|
| Aggregate amount granted / provided during the year - a) Others | - | - | 0.88 | - |
| Balances outstanding as at the balance sheet date in respect of above cases a) Others | - | - | 1.57 | - |

(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(c) The Company has granted loans during the year to companies, firms, Limited Liability Partnerships or any other parties where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Act are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of 'other machinery', and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Undisputed statutory dues including goods and services tax, professional tax, provident fund, employees' state insurance, income-tax, duty of custom, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to sales tax, service tax, duty of excise and value added tax are not applicable to this Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

| Name of the statute | Nature of the dues | Amount (Rs.)^ | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax | 68.72 | AY 2011-12, AY 2012-13 and AY 2017-18 | Appellate Tribunal (Mumbai, Maharasthra) |
| | | 48.32 | AY 2013-14 to AY 2017-18 | Appellate tribunal up to Commissioner of Income Tax (Appeals) (Mumbai, Maharasthra) |
| Central Sales Tax and Local Sales tax | Sales tax and Value Added Tax | 2.08 | FY 2007-08, FY 2009-10 to 2015-16 | Appellate Tribunal (Maharashtra and Gujarat) |
| | | 3.13 | FY 2006-07, FY 2008-09, FY 2014-15, FY 2015-16 to FY 2017-18 | Appellate Authority upto Commissioner Level (Maharashtra and Gujarat) |

^excluding interest and penalty thereon

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (3)(ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by cost auditor, secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The Company follows a July to June internal audit cycle and accordingly the internal audit reports of the Company for the period under audit and issued till the date of our audit report, have been considered by us. As informed to us, the internal audit for remaining areas / scope is expected to be completed post issue of our audit report on these financial statements.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current and preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 35 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 27(c) to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 27(c) to the financial statements.

(xxi) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(xxi) of the Order is not applicable to the Company.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKU3286

Date: May 12, 2023

**Annexure 2 as referred to in Paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date**

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

We have audited the internal financial controls with reference to financial statements of Thermax Babcock & Wilcox Energy Solutions Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the 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 these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting the Guidance Note and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 these financial statements was 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 these 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 these 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 these financial statements.

**Meaning of Internal Financial Controls with Reference to these 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKU3286

Date: May 12, 2023

# Thermax Babcock & Wilcox Energy Solutions Limited

## (formerly Thermax Babcock & Wilcox Energy Solutions Private Limited)

### Balance Sheet as at 31.03.2023

*All amounts are in Rupees Crore, except per share data and unless stated otherwise*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **I. Non-current assets** | | | |
| Property, plant and equipment | 4 (a) | 280.85 | 319.54 |
| Capital work-in-progress | 4 (a) | 0.57 | 0.53 |
| Right to use assets | 4 (b) | 43.19 | 43.91 |
| Intangible assets | 4 (c) | 7.05 | 8.11 |
| Financial assets: | | | |
| (a) Trade receivables | 6 (a) | - | 5.62 |
| (b) Loans | 7 (a) | 0.97 | 0.88 |
| (c) Other assets | 8 (a) | 24.51 | 13.24 |
| Deferred tax assets (net) | 9 | 52.23 | 73.83 |
| Income tax assets (net) | | 18.34 | 9.15 |
| Other assets | 10 (a) | 0.66 | 0.66 |
| **Total non-current assets** | | **428.37** | **475.47** |
| **II. Current assets** | | | |
| Inventories | 11 | 202.04 | 185.02 |
| Financial assets: | | | |
| (a) Investments | 5 | 197.87 | 226.21 |
| (b) Trade receivables | 6 (b) | 555.37 | 455.05 |
| (c) Cash and cash equivalents | 12 (a) | 16.42 | 20.25 |
| (d) Bank balances other than (c) above | 12 (b) | 278.35 | 232.70 |
| (e) Loans | 7 (b) | 0.60 | 0.45 |
| (f) Other assets | 8 (b) | 176.83 | 208.36 |
| Other assets | 10 (b) | 140.75 | 142.97 |
| **Total current assets** | | **1,568.23** | **1,471.01** |
| **III. Assets classified as held for sale** | 39 | 1.37 | - |
| **Total assets** | | **1,997.97** | **1,946.48** |
| **Equity and liabilities** | | | |
| **IV. Equity** | | | |
| Equity share capital | 13 | 628.22 | 628.22 |
| Other equity | 14 | 65.68 | (18.74) |
| **Total equity** | | **693.90** | **609.48** |
| **V. Non-current liabilities** | | | |
| Financial liabilities: | | | |
| (a) Borrowings | 15 (a) | 72.62 | 68.41 |
| (b) Other liabilities | 17 (a) | 0.75 | 0.98 |
| Provisions | 18 (a) | 9.45 | 14.27 |
| **Total non-current liabilities** | | **82.82** | **83.66** |
| **VI. Current liabilities** | | | |
| Financial liabilities: | | | |
| (a) Borrowings | 15 (b) | 57.00 | 82.44 |
| (b) Trade payables | 16 (a) | | |
| Total outstanding dues of micro and small enterprises | 16 (b) | 138.68 | 119.99 |
| Total outstanding dues of creditors other than micro and small enterprises | | 294.72 | 308.90 |
| (c) Other liabilities | 17 (b) | 27.05 | 22.48 |
| Other liabilities | 19 | 627.84 | 653.75 |
| Provisions | 18 (b) | 75.96 | 65.78 |
| **Total current liabilities** | | **1,221.25** | **1,253.34** |
| **Total equity and liabilities** | | **1,997.97** | **1,946.48** |
| Summary of significant accounting policies | 2 | | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | | |

The accompanying notes are an integral part of these financial statements.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg. No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No. 135859

Place: Pune
Date: May 12, 2023

**For and on behalf of the Board of Directors of**
**Thermax Babcock & Wilcox Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Shekhar Kashalikar**
Director and CEO
DIN: 09688441

**Bhavesh Chheda**
Chief Financial Officer

**Apurva Gupte**
Company Secretary

Place: Pune
Date: May 12, 2023

## Statement of profit and loss for the year ended March 31, 2023

*All amounts are in Rupees Crore, except per share data and unless stated otherwise*

| Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 20 | 2,126.00 | 1,624.58 |
| Other income | 21 | 29.93 | 22.90 |
| **Total Income (I)** | | **2,155.93** | **1,647.48** |
| **Expenses** | | | |
| Cost of raw materials and components consumed | 22 | 1,308.88 | 996.86 |
| (Increase) / Decrease in inventories of finished goods and work-in-progress | 23 | 10.95 | (14.42) |
| Employee benefits expense | 24 | 165.75 | 149.41 |
| Finance costs | 25 | 11.38 | 14.23 |
| Depreciation and amortisation expense | 26 | 45.68 | 48.06 |
| Other expenses | 27 (a) | 496.75 | 364.06 |
| **Total expenses (II)** | | **2,039.39** | **1,558.20** |
| **Profit before tax ( I - II )** | | **116.54** | **89.28** |
| **Tax expense** | 9 | | |
| Current tax | | - | - |
| Deferred tax | | 24.36 | 22.83 |
| **Total tax expense** | | **24.36** | **22.83** |
| **Profit for the year** | | **92.18** | **66.45** |
| **Other comprehensive income** | | | |
| **A. Items that will be reclassified subsequently to profit or loss** | | | |
| Net gain/(loss) on effective portion of cash flow hedges | | (7.43) | 1.71 |
| Less: Income tax effect | | 1.87 | (0.43) |
| | 28 (b) | (5.56) | 1.28 |
| **B. Items that will not be reclassified subsequently to profit or loss** | | | |
| Re-measurement gain/(loss) of defined benefit plan | | (3.56) | (0.31) |
| Less: Income tax effect | | 0.89 | 0.08 |
| | 28 (b) | (2.67) | (0.23) |
| **Net other comprehensive income for the year (net of tax)** | | **(8.23)** | **1.05** |
| **Total comprehensive income for the year** | | **83.95** | **67.50** |
| Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/- (March 31, 2022: Rs. 10/-)] | 28 (a) | 1.47 | 1.06 |
| Summary of significant accounting policies | 2 | | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | | |

The accompanying notes are an integral part of these financial statements.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg. No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No. 135859

Place: Pune
Date: May 12, 2023

**For and on behalf of the Board of Directors of**
**Thermax Babcock & Wilcox Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Shekhar Kashalikar**
Director and CEO
DIN: 09688441

**Bhavesh Chheda**
Chief Financial Officer

**Apurva Gupte**
Company Secretary

Place: Pune
Date: May 12, 2023

# Thermax Babcock & Wilcox Energy Solutions Limited

## (formerly Thermax Babcock & Wilcox Energy Solutions Private Limited)

### Cash flow statement for the year ended March 31, 2023

***(All amounts are in Rupees Crore, except per share data and unless stated otherwise)***

| | Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|---|
| **A)** | **Cash flows from operating activities** | | | |
| | Profit before tax | | 116.54 | 89.28 |
| | **Adjustments to reconcile profit before tax to net cash flows** | | | |
| | Depreciation on property, plant and equipment | 26 | 43.90 | 46.12 |
| | Amortisation of Right of Use Assets | 26 | 0.72 | 0.84 |
| | Amortisation of intangible assets | 26 | 1.06 | 1.10 |
| | Provision for impairment allowance of financial assets (net) | 27 (a) | 4.51 | (6.12) |
| | Interest expense | 25 | 7.89 | 10.22 |
| | Unrealized foreign exchange gain | | 0.69 | (3.19) |
| | Bad debts/ advances written off | 27 (a) | 2.22 | 1.34 |
| | Unwinding of discount | 25 | 3.49 | 4.01 |
| | ESOP Expense | 24 | 0.47 | - |
| | Interest income | 21 | (19.35) | (13.17) |
| | Fair value gain on financial instrument at fair value through profit and loss (net) | 21 | (4.39) | (3.69) |
| | Liabilities no longer required written back | 21 | (3.59) | (3.74) |
| | Profit/(Loss) on sale/discard of property, plant and equipment (net) | 27 (a) | (0.36) | 0.16 |
| | **Working capital adjustments** | | | |
| | (Increase)/Decrease in trade receivables | | (101.75) | (56.63) |
| | (Increase)/Decrease in inventories | | (17.02) | (108.40) |
| | (Increase)/Decrease in other financial assets | | 13.84 | (54.20) |
| | (Increase)/Decrease in other assets | | (1.34) | (35.00) |
| | Increase/(Decrease) in trade payables | | 6.41 | 150.19 |
| | Increase/(Decrease) in other liabilities | | (25.91) | 270.04 |
| | Increase/(Decrease) in provisions | | 1.87 | (9.89) |
| | Increase/(Decrease) in other financial liabilities | | 6.76 | 4.03 |
| | **Cash generated from operations** | | **36.66** | **283.30** |
| | Direct taxes paid (net of refunds received) | | (9.19) | (3.39) |
| | **Net cash flow from / (used in) operating activities** | | **27.47** | **279.91** |
| **B)** | **Cash flows from/(used in) investing activities** | | | |
| | Purchase of property, plant and equipment and intangible assets (Net) | | (7.51) | (7.57) |
| | (Investments in) / Proceeds from maturity of fixed deposits (Net) | | (45.63) | (46.13) |
| | Sale / (purchase) of other investments (Net) | | 29.25 | (226.21) |
| | Interest and dividend received | | 20.81 | 16.85 |
| | **Net cash flows (used in) investing activities** | | **(3.08)** | **(263.06)** |
| **C)** | **Cash flows from / (used in) financing activities** | | | |
| | Proceeds from borrowings | 15 | 57.00 | 74.00 |
| | Repayment of borrowings | | (82.44) | (154.18) |
| | Interest paid | | (2.78) | (6.00) |
| | **Net cash flows (used in) / from financing activities** | | **(28.22)** | **(86.18)** |
| | **Net increase/(decrease) in cash and cash equivalents** | | **(3.83)** | **(69.33)** |
| | Cash and cash equivalents at the beginning of the year | | 20.25 | 89.58 |
| | **Cash and cash equivalents at the end of the year** | | **16.42** | **20.25** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | Note No | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Cash and cash equivalents | 12 (a) | 16.42 | 20.25 |
| **Cash and cash equivalents at the end of the year** | | **16.42** | **20.25** |

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg. No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No. 135859

Place: Pune
Date: May 12, 2023

**For and on behalf of the Board of Directors of**
**Thermax Babcock & Wilcox Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Shekhar Kashalikar**
Director and CEO
DIN: 09688441

**Bhavesh Chheda**
Chief Financial Officer

**Apurva Gupte**
Company Secretary

Place: Pune
Date: May 12, 2023

## Equity Share Capital#

| | Note No. | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the year | 13 | 628.22 | 628.22 |
| Changes in equity shares capital during the year | 13 | - | - |
| Balance at the end of the year | 13 | **628.22** | **628.22** |

## Other Equity#

| | Reserves and surplus | | | Other reserves | Share based payment reserve | Total other equity |
|---|---|---|---|---|---|---|
| | Capital reserve | Retained earnings | Total | Effective portion of cash flow hedge reserve | | |
| **As at April 1, 2021** | **156.91** | **(244.13)** | **(87.22)** | **0.98** | **-** | **(86.24)** |
| Profit for the year (net of taxes) | - | 66.45 | **66.45** | - | **-** | **66.45** |
| Other Comprehensive Income (net) | - | (0.23) | **(0.23)** | 1.28 | **-** | **1.05** |
| **Total comprehensive income** | **-** | **66.22** | **66.22** | **1.28** | **-** | **67.50** |
| **As at March 31, 2022** | **156.91** | **(177.91)** | **(21.00)** | **2.26** | **-** | **(18.74)** |
| Profit for the year (net of taxes) | - | 92.18 | **92.18** | - | **-** | **92.18** |
| Other Comprehensive Income (net) | - | (2.67) | **(2.67)** | (5.56) | **-** | **(8.23)** |
| **Total comprehensive income** | **-** | **89.51** | **89.51** | **(5.56)** | **-** | **83.95** |
| **Share based payments (note 37)** | **-** | **-** | **-** | **-** | 0.47 | **0.47** |
| **As at March 31, 2023** | **156.91** | **(88.40)** | **68.51** | **(3.30)** | **0.47** | **65.68** |

# There are no adjustments on account of prior period errors or due to changes in accounting polices.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg. No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No. 135859

Place: Pune
Date: May 12, 2023

**For and on behalf of the Board of Directors of**
**Thermax Babcock & Wilcox Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Shekhar Kashalikar**
Director and CEO
DIN: 09688441

**Bhavesh Chheda**
Chief Financial Officer

**Apurva Gupte**
Company Secretary

Place: Pune
Date: May 12, 2023

## Notes to the Financial Statements for the year ended March 31, 2023

*(All amounts in in Indian Rupees Crore, unless otherwise stated)*

### 1. Corporate information

Thermax Babcock & Wilcox Energy Solutions Limited (formerly known as Thermax Babcock & Wilcox Energy Solutions Private Limited) (the "Company") is a Company domiciled in India. The Company is engaged in designing, engineering, fabrication, supply, erection, commissioning of subcritical and supercritical boilers. The Company caters to both domestic and international markets.

The address of its registered office is Dhanraj Mahal, 2nd Floor, Chhatrapati Shivaji Maharaj Marg, Near Regal Cinema, Colaba, Mumbai 400039, India. These financial statements are authorized for issue by the Board of Directors on May 12, 2023. The CIN of the Company is U29253MH2010PLC204890.

### 2. Significant accounting policies

### 2.1. Basis of preparation and measurement

#### (a) Basis of preparation

These financials statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, ("the Act") as applicable to the financial statements.

The preparation of the financial statements requires the use of certain critical accounting judgements, estimates and assumption. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### (b) Basis of measurement

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Defined benefit plans whereby the plan assets are measured at fair value.

### 2.2 Changes in accounting policies and disclosures

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. There is no material impact on financial statements of the Company.

Several other amendments and interpretations apply for the first time in the year ended March 31, 2023, but do not have a material impact on financial statements of the Company and hence not included in the accounting policies.

### 2.3 Summary of significant accounting policies

#### a. Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### b. Foreign currencies

The Company's financial statements are prepared in INR, which is the also functional currency of the Company.

**Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### c. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgments, estimates and assumptions (Note 3)
- Quantitative disclosures of fair value measurement hierarchy (Note 33)
- Financial instruments (including those carried at amortized cost) (Note 33)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**d. Property, Plant and Equipment**

Property plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any all significant costs relating to the acquisition and installation of property plant and equipment are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| **Asset category** | **Company's estimate of useful life (years)** | **Useful life as prescribed under Schedule II (years)** |
|---|---|---|
| Factory buildings | 28 to 30 | 30 |
| Other buildings | 58 | 60 |
| Roads | 5 to 30 | 5 to 10 |
| Office Equipment | 15 | 15 |
| Plant and equipment | 5 to 25 | 15 to 20 |
| Furniture and fixtures | 15 | 10 |
| Computers | 4 to 6 | 3 to 6 |
| Vehicles | 7 to 10 | 8 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**e. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

A summary of amortization rates applied to the Company's intangible assets is as below:

| Asset category | Life (years) |
|---|---|
| Technical know how | 10 |
| Computer software | 3 to 5 |

**f. Inventories :**

Raw materials (including bought out), components, stores and spares are valued at lower of cost and estimated net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and work in progress are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on the analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

**g. Revenue recognition**

**i. Revenue from Contracts with Customers**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The Company has following streams of revenue:

- **Revenue from Engineering, Procurement and Construction contracts**

Engineering, Procurement and Construction contracts are contracts (or a group of contracts secured together) specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company may promise to provide distinct goods or services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process as evidenced either by contractual termination clauses or by the rights of the Company to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

The Company estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

**ii. Revenue from sale of goods**

If the criteria for revenue under over-a-period of time as mentioned above are not met, the company recognizes revenue at point-in-time. The point-in-time is determined when the control of the goods is transferred which is generally determined based on when the significant risk and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right of payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where the control has been transferred. The Company provides for warranty provision for general repairs up to 18 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

**iii. Revenue from sale of services**

Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized as the related services are performed on a time proportion basis under the contracts.

**Contract balances**

**Contract assets:** A contract asset is the right to consideration in exchange for goods or service transferred to the customer. If the company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to trade receivable on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade Receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer note 2.3(h)below.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and the customer advance as the case may be.

**iv. Interest Income**

For all debt instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**h. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories by the Company:

**i. Debt instruments at amortized cost**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

**ii. Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month ECL. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

*Derecognition*

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

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**i. Derivative financial instruments and hedge accounting**

*Initial recognition and subsequent measurement*

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

*(i) Fair value hedges*

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the Statement of profit and loss as finance costs. The Company has not undertaken Fair value hedges.

*(ii) Cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of profit and loss. The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in statement of profit and loss.

Amounts recognized in OCI are transferred to the Statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized in OCI are transferred to the initial carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**j. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**k. Government Grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. The Company accounts for export incentives for export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim is fulfilled.

**l. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

**m. Income tax**

**Current tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

**n. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**o. Leases**

**Company as a lessee**

The Company lease asset classes primarily consist of leases for land, buildings, guest houses and office equipment. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at value of the future lease payments. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, Ind AS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group 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.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

**p. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or Cash Generating Unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the assets or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Company where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, These assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts

**q. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

*Warranty provisions*

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

*Provision for onerous contracts*

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

*Decommissioning liability*

The Company records a provision for decommissioning costs of its manufacturing facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The unwinding of the discount is expensed as incurred and recognized in the Statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

**r. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

*Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**s. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has identified the Director and Chief Executive Officer as the chief operating decision maker of the Company.

**t. Contingent liability**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**u. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**v. Dividends**

Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognized as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

## 3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### 3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Revenue recognition from contracts with customers**

A significant portion of the Company's business relates to construction of assets which are accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires Management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally. The input method requires Management to make significant judgments of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

**ii. Contingencies relating to tax and legal matters**

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable losses including the estimate of legal expense to resolve such matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

**iii. Segment reporting**

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Chief Executive Officer to assess performance and allocate resources. The Company is operating in a single business segment, viz Industrial Infra (Energy and Allied Services).

### 3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Constructions contracts:**

- **Provisions for liquidated damages claims (LDs):** The Company provides for LD claims to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to recognize.

- **Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, unbilled revenue and estimated earnings and accrued contract expenses.

- **Recognition of contract variations:** The Company recognizes revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence

- **Provision for onerous contract:** The Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. Refer note 18(b)for details of provision for onerous contracts.

**ii. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset of cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flow are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested are recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**iii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 30.

**iv. Termination benefits:**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**v. Fair value measurement of unquoted financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 33for further disclosures.

**vi. Warranty provision**

The Company generally offers 18 months warranties for its products. Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and past experience in respect of warranty costs. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Warranty provisions are discounted using a pre-tax discount rate which reflects current market assessments of time value of money and risks specific to the liability. Refer note 18for further details.

**vii. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norms as the performance guarantee tests require certain time period after the supplies are completed. Refer note 6and 8(b)for details of impairment allowance recognized at the reporting date.

**viii. Useful lives of property, plant and equipment and intangible assets**

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates. Refer note 2.3(d)and 2.3(e)above for further details.

**ix. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer Note 9for details of deferred taxes..

**3.3 Standards issued but not effective :**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

(i) **Ind AS 1 Presentation of financial statements :** The amendment specifies that an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

An entity shall disclose, along with material accounting policy

**Notes to financial statements for the year ended March 31, 2023**
*All amounts are in Rupees Crore, except per share data and unless stated otherwise*

information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The Company is in process of evaluating this amendment.

**4 (a) Property, plant and equipment**

| Particulars | Buildings | Plant and equipment | Office equipment | Computer | Furniture and fixtures | Vehicles | Total | Capital work in progress |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount as at April 1, 2021** | **274.88** | **474.54** | **14.19** | **13.56** | **6.35** | **3.13** | **786.65** | **0.68** |
| Additions | - | 0.65 | 0.20 | 2.56 | - | 0.16 | 3.57 | 3.42 |
| Disposals/ Transfers/ Adjustment | - | (0.88) | (0.91) | - | (0.07) | (0.29) | (2.15) | (3.57) |
| **Gross carrying amount as at March 31, 2022** | **274.88** | **474.31** | **13.48** | **16.12** | **6.28** | **3.00** | **788.07** | **0.53** |
| Additions | - | 0.59 | 0.98 | 4.03 | - | 1.37 | 6.97 | 7.01 |
| Disposals/ Transfers/ Adjustment | - | (4.03) | (0.25) | (0.02) | (0.53) | (0.14) | (4.97) | (6.97) |
| Assets classified as held for sale (note 39) | - | (5.88) | - | - | - | - | (5.88) | - |
| **Gross carrying amount as at March 31, 2023** | **274.88** | **464.99** | **14.21** | **20.13** | **5.75** | **4.23** | **784.19** | **0.57** |
| **Accumulated depreciation as at April 1, 2021** | **53.83** | **345.23** | **6.92** | **12.16** | **4.65** | **1.35** | **424.14** | **-** |
| Charge for the year | 8.99 | 35.15 | 0.79 | 0.57 | 0.32 | 0.30 | 46.12 | - |
| Disposals | - | (0.74) | (0.79) | - | - | (0.20) | (1.73) | - |
| Transfers/ Adjustments | - | 1.02 | (0.96) | 0.01 | (0.04) | (0.03) | - | - |
| **Accumulated depreciation as at March 31, 2022** | **62.82** | **380.66** | **5.96** | **12.74** | **4.93** | **1.42** | **468.53** | **-** |
| Charge for the year | 8.99 | 32.02 | 0.77 | 1.47 | 0.27 | 0.38 | 43.90 | - |
| Disposals | - | (3.74) | (0.24) | (0.01) | (0.51) | (0.08) | (4.58) | - |
| Assets classified as held for sale (note 39) | - | (4.51) | - | - | - | - | (4.51) | - |
| **Accumulated depreciation as at March 31, 2023** | **71.81** | **404.43** | **6.49** | **14.20** | **4.69** | **1.72** | **503.34** | **-** |
| **Net Block as at March 31, 2023** | **203.07** | **60.56** | **7.72** | **5.93** | **1.06** | **2.51** | **280.85** | **0.57** |
| **Net Block as at March 31, 2022** | **212.06** | **93.65** | **7.52** | **3.38** | **1.35** | **1.58** | **319.54** | **0.53** |

Capital work in progress majorly includes expenditure towards building facilities.

The Company has taken certain assets on lease which have been accounted in accordance with Ind AS 116, "Leases". Refer note 29 B (b) (i) for further disclosure on leases.

**The ageing details for capital work in progress (CWIP) are as follows:**

| CWIP | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | |
| Project in progress | 0.41 | 0.16 | - | - | 0.57 |
| **As at March 31, 2022** | | | | | |
| Project in progress | 0.53 | - | - | - | 0.53 |

For CWIP, there are no projects whose completion date is over due or exceeded its cost as compared to its original plan for the year ended and as at March 31, 2023 and March 31, 2022.

**4 (b) Right to use assets**

| | Leasehold land |
|---|---|
| **Gross carrying amount as at April 1, 2021** | **47.90** |
| Additions | - |
| Disposals/ Transfers/ Adjustment | - |
| **Gross carrying amount as at March 31, 2022** | **47.90** |
| Additions | - |
| Disposals/ Transfers/ Adjustment | - |
| **Gross carrying amount as at March 31, 2023** | **47.90** |
| **Accumulated depreciation as at April 1, 2021** | **3.15** |
| Charge for the year | 0.84 |
| Disposals/ Transfers/ Adjustments | - |
| **Accumulated depreciation as at March 31, 2022** | **3.99** |
| Charge for the year | 0.72 |
| Disposals/ Transfers/ Adjustments | - |
| **Accumulated depreciation as at March 31, 2023** | **4.71** |
| **Net Block as at March 31, 2023** | **43.19** |
| **Net Block as at March 31, 2022** | **43.91** |

*All amounts are in Indian Rupees Crore, except per share data and unless stated otherwise*

### 4 (c) Intangible assets

| Particulars | Computer Software | Technical know-how | Total |
|---|---|---|---|
| **Gross carrying amount as at April 1, 2021** | **14.64** | **32.97** | **47.61** |
| Additions | 0.66 | - | 0.66 |
| Disposals/ Transfers/ Adjustment | - | - | - |
| **Gross carrying amount as at March 31, 2022** | **15.30** | **32.97** | **48.27** |
| Additions | - | - | - |
| Disposals/ Transfers/ Adjustment | - | - | - |
| **Gross carrying amount as at March 31, 2023** | **15.30** | **32.97** | **48.27** |
| **Accumulated depreciation as at April 1, 2021** | **14.38** | **24.68** | **39.06** |
| Charge for the year | 0.27 | 0.83 | 1.10 |
| Disposals/ Transfers/ Adjustments | - | - | - |
| **Accumulated depreciation as at March 31, 2022** | **14.65** | **25.51** | **40.16** |
| Charge for the year | 0.23 | 0.83 | 1.06 |
| Disposals/ Transfers/ Adjustments | - | - | - |
| **Accumulated depreciation as at March 31, 2023** | **14.88** | **26.34** | **41.22** |
| **Net Block as at March 31, 2023** | **0.42** | **6.63** | **7.05** |
| **Net Block as at March 31, 2022** | **0.65** | **7.46** | **8.11** |

### 5 Current Investments

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Investments in Mutual Funds :** | | |
| Investments at Fair value through Profit and Loss | 89.76 | 144.01 |
| **Investment in Corporate Deposit:** | | |
| Investments at Amortised cost | 108.11 | 82.20 |
| **Total** | **197.87** | **226.21** |
| Aggregate amount of quoted investments | 89.76 | 144.01 |
| Aggregate amount of unquoted investments (book value) | 108.11 | 82.20 |
| Aggregate amount of unquoted investments (market value) | 108.11 | 82.20 |
| Aggregate amount of impairment in the value of investments | - | - |

Investments at fair value through profit or loss reflect investment in quoted debt securities. Refer note 33 for determination of their fair values.

### 6 Trade receivables

#### (a) Non-current trade receivables

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables from: | | |
| i) Related parties (note 31) | - | 5.62 |
| ii) Others | - | - |
| **Total** | **-** | **5.62** |
| **Trade Receivables** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | - | 7.41 |
| Trade Receivables which have a significant increase in credit risk | - | - |
| Trade Receivables - credit impaired | - | - |
| | - | 7.41 |
| **Less: Impairment allowance** | - | (1.79) |
| **Total** | **-** | **5.62** |

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 receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer note 31.

**The ageing of non current trade receivables which are due for receipt:**

| | Not Due | Total |
|---|---|---|
| **Trade receivables as at March 31, 2023** | | |
| (i) Undisputed - considered good | - | - |
| (ii) Undisputed - which have significant increase in credit risk | - | - |
| (iii) Undisputed - credit impaired | - | - |
| (iv) Disputed - considered good | - | - |
| (v) Disputed - which have significant increase in credit risk | - | - |
| (vi) Disputed - credit impaired | - | - |
| **Total** | **-** | **-** |

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

| | Not Due | Total |
|---|---|---|
| **Trade receivables as at March 31, 2022** | | |
| (i) Undisputed - considered good | 7.41 | **7.41** |
| (ii) Undisputed - which have significant increase in credit risk | - | - |
| (iii) Undisputed - credit impaired | - | - |
| (iv) Disputed - considered good | - | - |
| (v) Disputed - which have significant increase in credit risk | - | - |
| (vi) Disputed - credit impaired | - | - |
| **Total** | **7.41** | **7.41** |

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

**Notes to financial statements for the year ended March 31, 2023**
*All amounts are in Rupees Crore, except per share data and unless stated otherwise*

**(b) Current trade receivables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables from: | | |
| i) Related parties (note 31) | 31.49 | 33.78 |
| ii) Others | 523.88 | 421.27 |
| **Total** | **555.37** | **455.05** |
| **Trade Receivables** | | |
| Secured, considered good | 12.71 | 37.29 |
| Unsecured, considered good | 631.47 | 502.45 |
| Trade receivables which have a significant increase in credit risk | 30.80 | 31.91 |
| Trade receivables - credit impaired | 6.94 | 6.41 |
| | **681.92** | **578.06** |
| **Less: Impairment allowance*** | (126.55) | (123.01) |
| **Total** | **555.37** | **455.05** |

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 receivables due from firms or private companies respectively in which any director is a partner, a director or a member.

*Includes provision of Rs. 30.80 (March 31, 2022: Rs. 31.91) for trade receivable which have a significant increase in credit risk

For terms and conditions relating to related party receivables, refer note 31.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

**The ageing of current trade receivables which are due for receipt:**

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Trade receivables as at March 31, 2023** | | | | | | | |
| (i) Undisputed - considered good | 201.07 | 307.45 | 39.15 | 28.57 | 19.96 | 47.98 | **644.18** |
| (ii) Undisputed - which have significant increase in credit risk | - | - | - | - | 0.25 | 21.14 | **21.39** |
| (iii) Undisputed - credit impaired | - | 0.34 | 2.17 | 3.13 | 0.57 | 0.73 | **6.94** |
| (iv) Disputed - considered good | - | - | - | - | - | - | **-** |
| (v) Disputed - which have significant increase in credit risk | - | - | - | - | - | 9.41 | **9.41** |
| (vi) Disputed - credit impaired | - | - | - | - | - | - | **-** |
| **Total** | **201.07** | **307.79** | **41.32** | **31.70** | **20.78** | **79.26** | **681.92** |

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months-1 year | 1-2 years | 2-3 years | More than 3 years | |
| **Trade receivables as at March 31, 2022** | | | | | | | |
| (i) Undisputed - considered good | 228.14 | 191.40 | 27.63 | 33.50 | 17.04 | 37.24 | **534.95** |
| (ii) Undisputed - which have significant increase in credit risk | - | - | - | 0.05 | 1.35 | 24.53 | **25.93** |
| (iii) Undisputed - credit impaired | 0.20 | 2.47 | 0.66 | 1.08 | 1.34 | 0.66 | **6.41** |
| (iv) Disputed - considered good | - | - | 0.94 | 1.25 | - | 2.60 | **4.79** |
| (v) Disputed - which have significant increase in credit risk | - | - | - | - | - | 5.98 | **5.98** |
| (vi) Disputed - credit impaired | - | - | - | - | - | - | **-** |
| **Total** | **228.34** | **193.87** | **29.23** | **35.88** | **19.73** | **71.01** | **578.06** |

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

**(c)** The following table summarises the change in provision for impairment allowance measured using the life time expected credit loss model:

| | Provision for trade receivables | | Provision on contract assets | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| At the beginning of the year | 124.80 | 132.75 | 7.45 | 5.62 |
| Provision made during the year | 31.34 | 24.09 | 2.76 | 1.83 |
| Utilized/reversed during the year | (29.59) | (32.04) | - | - |
| **At the end of the year** | **126.55** | **124.80** | **10.21** | **7.45** |

**7 Loans**

**(a) Non-current loans**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| **At amortized cost** | | |
| Loans to employees | 0.97 | 0.88 |
| **Total** | **0.97** | **0.88** |

**(b) Current loans**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| **At amortized cost** | | |
| Loans to employees | 0.60 | 0.45 |
| **Total** | **0.60** | **0.45** |

Loans are various kinds of non-derivative financial assets. The carrying value may be affected by the changes in the credit risk of the counterparties. The tenure of such loans has different time range based on employee's eligibility.

*All amounts are in Indian Rupees Crore, except per share data and unless stated otherwise*

No loans are due from directors or Key Managerial Personnel of the Company either severally or jointly with any other person or from private companies or firms in which any director is a partner, a director or a member respectively.

**8 Financial assets**

**(a) Other non current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Bank deposits with remaining maturity of more than 12 months* | 11.00 | 11.02 |
| Unbilled revenue (Contract assets) | 10.72 | - |
| Security deposits # | 2.79 | 2.22 |
| **Total** | **24.51** | **13.24** |

*Bank deposits includes Rs. Nil (March 31, 2022 : Rs. 0.02) which are pledged as margin money.

# includes rent deposits, deposits with MIDC, MSEB, etc.

**(b) Other assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments at fair value through OCI** | | |
| Cash flow hedges | | |
| Foreign exchange forward contracts | 0.46 | 1.45 |
| **Derivative instruments at fair value through profit or loss** | | |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | 0.44 | 0.20 |
| **At amortized cost** | | |
| Export incentive receivable | 1.98 | 25.91 |
| Security deposits | 0.05 | 0.05 |
| Unbilled revenue (Contract assets)^ | 173.90 | 175.89 |
| Others** | - | 4.86 |
| **Total** | **176.83** | **208.36** |

Financial assets at fair value through other comprehensive income reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in various foreign currencies.

^Unbilled revenue is disclosed net of provision for impairment allowance of Rs. 10.21 (March 31, 2022 : Rs. 7.45) for contract assets.

** includes other amounts recoverable from customers Rs. Nil (March 31, 2022 : Rs. 4.86)

**9 Income taxes**

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

**a) Statement of profit and loss**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current tax | - | - |
| Deferred tax | 24.36 | 22.83 |
| **Income tax expense reported in the Statement of profit and loss** | **24.36** | **22.83** |

**(b) Other comprehensive income**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax related to items recognised in other comprehensive income during the year** | | |
| Net gain or loss on revaluation of cash flow hedge | (1.87) | 0.43 |
| Net gain or loss on remeasurements of defined benefit plans | (0.89) | (0.08) |
| **Deferred tax charged / (credited) in other comprehensive income** | **(2.76)** | **0.35** |

**(c) Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Accounting profit before tax (before exceptional items) | 116.54 | 89.28 |
| At India's statutory income tax rate (as per Income Tax Act, 1961) of 25.168% | 29.33 | 22.47 |
| Impact of brought forward losses due to expiry under Income Tax Act, 1961 | - | (1.35) |
| Permanent disallowance | | |
| - Interest on preference shares | 1.06 | 1.06 |
| - Others (includes interest, warranties etc) | 0.06 | 0.41 |
| - Donation | 0.20 | 0.06 |
| Others (includes adjustment due to earlier year assessment orders and adjustment for fair valuation of investments and other differences) | (6.29) | 0.18 |
| **Total income tax expense reported in the Statement of profit and loss** | **24.36** | **22.83** |

**d) Deferred tax**

**Statement of profit and loss**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Impact of difference between tax depreciation and depreciation/ amortisation | (2.42) | (2.66) |
| Losses utilised against current taxable income | 28.98 | 20.89 |
| 40(a) disallowance | (0.17) | 1.33 |
| Items allowed on payment basis / temporary disallowances | 0.58 | 1.20 |
| Temporary differences due to accounting treatment as required by Income-tax standards | (3.94) | (0.07) |
| Provision for doubtful debts and liquidated damages | 1.57 | 1.15 |
| Others | (0.24) | 0.99 |
| **Deferred tax expense/ (income) in the Statement of profit and loss** | **24.36** | **22.83** |

**Notes to financial statements for the year ended March 31, 2023**
*All amounts are in Rupees Crore, except per share data and unless stated otherwise*

**Balance sheet**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Impact of difference between tax depreciation and depreciation/ amortisation | (17.42) | (19.84) |
| Losses and unabsorbed depreciation available for offsetting against future taxable income | 17.66 | 46.64 |
| 40(a) disallowance | 0.82 | 0.65 |
| Items allowed on payment basis / temporary disallowances | 2.53 | 3.11 |
| Temporary differences due to accounting treatment as required by Income-tax standards | 5.96 | 2.02 |
| Provision for doubtful debts and liquidated damages | 40.93 | 42.50 |
| Others | 1.75 | (1.25) |
| **Net deferred tax assets** | **52.23** | **73.83** |

**Reconciliation of deferred tax assets (net)**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening balance as at April 1** | **73.83** | **97.01** |
| Tax (expense)/income during the period recognised in profit or loss | (24.36) | (22.83) |
| Tax (expense)/income during the period recognised in other comprehensive income | 2.76 | (0.35) |
| **Closing balance as at March 31** | **52.23** | **73.83** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off income tax assets and liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**10 Other assets**

**(a) Other non-current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Balances with government authorities | 0.66 | 0.66 |
| **Total** | **0.66** | **0.66** |

**(b) Other current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured, considered good** | | |
| Advance to suppliers | 99.66 | 96.29 |
| Advance to employees | 3.89 | 3.65 |
| Advance to related parties (note 31) | 9.32 | 8.49 |
| Prepayments | 2.21 | 2.25 |
| Balances with government authorities | 21.40 | 25.86 |
| Prepaid employee benefits (note 30) | 4.27 | 6.43 |
| **Total** | **140.75** | **142.97** |

There were no advances due from directors or officers of the Company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which such director is a partner or a member.

**11 Inventories (Valued at lower of cost and net realizable value)**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Raw materials, components and bought-outs** | 185.62 | 158.97 |
| Work-in-progress | 8.27 | 18.56 |
| Finished goods | 2.53 | 3.19 |
| Stores and spares | 5.62 | 4.30 |
| **Total** | **202.04** | **185.02** |

**includes goods in transit Rs. 20.70 (March 31, 2022 : Rs. 7.11).

For the year ended March 31, 2023 Rs. 9.08 (March 31, 2022 : Rs. 4.71) was reversed (net of expense) for inventories carried at net realisable value. These were recognised during the year and included in 'cost of raw materials and components consumed and consumption of stores and spare parts' in the Statement of profit and loss.

**12 (a) Cash and cash equivalents**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks | | |
| - Balances with banks in current accounts | 16.42 | 20.25 |
| **Total** | **16.42** | **20.25** |

There are repatriation restrictions of Rs. 1.92 (March 31, 2022 : Nil) with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

* includes balance of 1.92 (March 31, 2022 : Nil) in Exchange Earners Foreign Currency (EEFC) account.

**12 (b) Other bank balances**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits with original maturity : | | |
| - more than three months but less than twelve months | 270.09 | 228.04 |
| - more than twelve months | 1.99 | 0.41 |
| Interest accrued on bank deposits | 6.27 | 4.25 |
| **Total** | **278.35** | **232.70** |

**12 (c) Changes in liabilities arising from financing activities**

| | Borrowings |
|---|---|
| As on April 1, 2021 | 226.81 |
| Cash flow | (80.18) |
| Interest accretion on preference shares | 4.21 |
| **As on March 31, 2022** | **150.84** |
| Cash flow | (25.44) |
| Interest accretion on preference shares | 4.21 |
| **As on March 31, 2023** | **129.62** |

*All amounts are in Indian Rupees Crore, except per share data and unless stated otherwise*

**13 Share capital**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorized shares (Nos)** | | |
| 900,000,000 (March 31, 2022: 900,000,000 ) equity shares of Rs. 10/- each | 900.00 | 900.00 |
| 100,000,000 (March 31, 2022: 100,000,000) redeemable preference shares of Rs. 10/- each | 100.00 | 100.00 |
| | **1,000.00** | **1,000.00** |
| **Issued, subscribed and fully paid share capital (Nos)** | | |
| 628,222,500 (March 31, 2022: 628,222,500 ) equity shares of Rs. 10/- each | 628.22 | 628.22 |
| **Total issued, subscribed and fully paid-up share capital** | **628.22** | **628.22** |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| | No. of shares | Rs. |
|---|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | | |
| As at April 1, 2021 | 628,222,500 | 628.22 |
| Changes during the year | - | - |
| As at March 31, 2022 | 628,222,500 | 628.22 |
| Changes during the year | - | - |
| **As at March 31, 2023** | **628,222,500** | **628.22** |

**(b) Terms/ rights 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.

**(c) Equity share capital held by holding company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Holding company** | | |
| **Thermax Limited** | | |
| 628,222,500 (March 31, 2022: 628,222,500) equity shares of Rs. 10/- each fully paid | 628.22 | 628.22 |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Thermax Limited** | | |
| % | 100.00 | 100.00 |
| No. of shares | 628,222,500 | 628,222,500 |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

**(e) Aggregate number of shares bought back during the period of five years**

| | March 31, 2023 | March 31, 2022 | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|---|---|---|---|---|---|
| Equity shares bought back by the Company (No. of shares) | 209,407,500 | 209,407,500 | 209,407,500 | 209,407,500 | 209,407,500 |

The Board of Directors of the Company at its meeting held on July 4, 2018, approved a proposal to buyback 209,407,500 equity shares of the Company for an aggregate amount of Rs. 52.50 representing 25% of the total paid up equity share capital at Rs. 2.51 per equity share, which was approved by the shareholders by means of a special resolution. Capital reserve of Rs. 156.91 was created to represent the difference between the face value of shares and the buyback price per share. The disclosure is given for five years as the buy back was undertaken in the year ended March 31, 2019.

**(f) Details of shares held by promoters**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Thermax Limited** | | |
| % | 100.00 | 100.00 |
| No. of Shares | 628,222,500 | 628,222,500 |
| % of change during the year | - | - |

**14 Other equity**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Reserves and surplus** | | |
| **Capital reserve (Note 13 (e))** | 156.91 | 156.91 |
| **Retained earnings** | | |
| Opening balance | (177.91) | (244.13) |
| Add: Profit for the year pertaining to the Company | 92.18 | 66.45 |
| **Items of other comprehensive income recognised directly in retained earnings:** | | |
| Re-measurement gain/ (loss) on defined benefit plans | | |
| Add: OCI for the year pertaining to the Company (net of tax Rs. 0.89 (March 31, 2022 : Rs. 0.08)) | (2.67) | (0.23) |
| **Net surplus in the Statement of profit and loss** | **(88.40)** | **(177.91)** |
| **Total Reserves and Surplus** | **68.51** | **(21.00)** |
| **Other Reserves** | | |
| **Effective portion of cash flow hedge reserve** | | |
| Opening balance | 2.26 | 0.98 |
| Add: Movement during the year (net) | (7.43) | 1.71 |
| Less: Tax on Movement during the year | 1.87 | (0.43) |
| **Closing balance** | **(3.30)** | **2.26** |
| **Share based payment reserve (Note 37)** | 0.47 | - |
| **Total** | **65.68** | **(18.74)** |

## Notes to financial statements for the year ended March 31, 2023

*All amounts are in Rupees Crore, except per share data and unless stated otherwise*

**Capital reserve**

Pertains to reserve created towards buyback of shares and can be utilised in accordance with the provisions of the Act.

**Cash flow hedge reserve**

Pertains to the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions that have not yet occurred.

**Share based payment**

Pertains to equity settled share based payment plan issued by Parent Company for certain categories of empoyees of the Company (refer note 37)

### 15 Borrowings

**(a) Non-current borrowings**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At fair value through profit and loss** | | |
| Preference Shares (52,700,000 (March 31, 2022: 52,700,000 ) redeemable preference shares of Rs. 10/- each)^ | 72.62 | 68.41 |
| | **72.62** | **68.41** |

^Preference shares pertain to 8% (March 31, 2022 : 8%) cumulative redeemable preference shares issued to the Holding Company.

This forms a part of the authorized share capital of 100,000,000 (March 31, 2022 : 100,000,000) redeemable preference shares of Rs 10 each as per the Act

**(b) Current borrowings**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At amortized cost** | | |
| Unsecured loans from banks | 57.00 | 82.44 |
| **Total** | **57.00** | **82.44** |

Unsecured loans pertains to bills discounted by suppliers amounting to Rs. Nil (March 31, 2022 : Rs. 8.44) that are payable by the Company within 60 to 120 days from the invoice date / goods receipt date and packing credit of Rs. 57.00 (March 31, 2022 : Rs. 74.00) carries an interest rate range from 5.70% to 5.75%(March 31, 2022 : 2.85%) due for repayment within a maximum of 175 days (March 31, 2022 : 365 days) from date of disbursement.

### 16 Trade payables

**(a) Current trade payables**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total outstanding dues of micro and small enterprises (note 16 (b)) | 138.68 | 119.99 |
| Total outstanding dues of creditors other than micro and small enterprises | | |
| (i) Related parties (note 31) | 38.54 | 30.06 |
| (ii) Others | 256.18 | 278.84 |
| **Total** | **433.40** | **428.89** |

For terms and conditions with related parties, refer note 31.

Trade payables are non-interest bearing and are generally on terms of 30 to 90 days.

**(b) Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| - Principal amount outstanding (whether due or not) to micro and small enterprises* | 137.61 | 119.19 |
| - Interest due thereon | 1.07 | 0.80 |
| The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of payment made to the supplier beyond the appointed day during the year | - | - |
| 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 the MSMED Act, 2006 | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 0.60 | 0.33 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | 0.47 | 0.47 |

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | |
| (i) Micro and Small enterprises | 124.54 | 11.96 | 0.36 | 0.14 | 0.95 | **137.95** |
| (ii) Others | 95.77 | 104.11 | 11.90 | 8.27 | 3.97 | **224.02** |
| (iii) Disputed dues- Micro and Small enterprises | - | - | - | - | 0.73 | **0.73** |
| (iii) Disputed dues- Others | - | - | - | - | - | - |
| Unbilled Trade Payables | | | | | | **70.70** |
| **Total** | **220.31** | **116.07** | **12.26** | **8.41** | **5.65** | **433.40** |

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | |
| (i) Micro and Small enterprises | 110.96 | 4.00 | 0.90 | 0.98 | 2.42 | **119.26** |
| (ii) Others | 190.88 | 37.49 | 10.20 | 3.17 | 3.23 | **244.97** |
| (iii) Disputed dues- Micro and Small enterprises | - | - | - | - | 0.73 | **0.73** |
| (iii) Disputed dues- Others | - | - | - | - | - | - |
| Unbilled Trade Payables | | | | | | **63.93** |
| **Total** | **301.84** | **41.49** | **11.10** | **4.15** | **6.38** | **428.89** |

**17 Financial liabilities**

**(a) Other non current liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Liability towards employee separation scheme | 0.75 | 0.98 |
| **Total** | **0.75** | **0.98** |

**(b) Other current liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments at fair value through OCI** | | |
| Cash flow hedges | | |
| Foreign exchange forward contracts | 4.82 | 0.02 |
| **Derivative instruments at fair value through profit or loss** | | |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | 0.23 | 0.78 |
| **At amortized cost** | | |
| Liability towards employee separation scheme | 0.62 | 0.84 |
| Employee related payables | 20.15 | 18.44 |
| Payables for PPE and intangible assets | - | 1.25 |
| Other payables* | 1.23 | 1.15 |
| **Total** | **27.05** | **22.48** |

* includes employee recoveries payable, etc.

**18 Provisions**

**(a) Non-current provisions**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Other provisions** | | |
| Provision for warranties | 6.70 | 11.65 |
| Provision for decommissioning liability | 2.75 | 2.62 |
| **Total** | **9.45** | **14.27** |

**(b) Current provisions**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for leave encashment | 15.17 | 13.66 |
| | **15.17** | **13.66** |
| **Other provisions** | | |
| Provision for onerous contracts | 5.49 | 2.86 |
| Provision for warranties | 55.30 | 49.26 |
| | **60.79** | **52.12** |
| **Total** | **75.96** | **65.78** |

**Provision for decommissioning liability**

A provision has been recognised for decommissioning costs associated with the properties taken on lease by the Company. The Company is committed to decommission the site as a result of the construction of manufacturing facility. The timing of cash outflows in respect of such provision cannot be reasonably determined.

**Provision for warranties**

Warranty costs are provided based on a technical estimate of the costs required to be incurred for repairs, replacements, material costs, servicing cost and based on past experience in respect of such costs. It is expected that this expenditure will be incurred over the contracted warranty period ranging upto 2 years. If warranty claim costs vary by 10% from management's estimate, the warranty provisions would be an estimated Rs. 6.20 higher or lower (March 31, 2022 Rs. 6.09).

**Provision for onerous contracts**

A provision is made when the unavoidable costs of meeting the obligations under a contract exceed the estimated economic benefits from it. The timing of cash outflows in respect of such provision is over the contract period.

**Movement in provisions**

| | Provision for onerous contracts | Provision for warranties | Provision for decommissioning liability |
|---|---|---|---|
| **As at April 1, 2022** | | | |
| Balance at the beginning | 2.86 | 60.91 | 2.62 |
| Additional provision recognised | 4.94 | 17.81 | 0.13 |
| Unused amounts reversed | - | (14.59) | - |
| Unwinding of discount | - | 3.49 | - |
| Utilised during the year | (2.31) | (5.62) | - |
| **As at March 31, 2023** | **5.49** | **62.00** | **2.75** |
| **Details of provisions :** | | | |
| Current | 5.49 | 55.30 | - |
| Non-Current | - | 6.70 | 2.75 |
| **Total** | **5.49** | **62.00** | **2.75** |

**19 Other liabilities**

**(a) Other current liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue (Contract liability) | 220.92 | 113.66 |
| Customer advances (Contract liability) | | |
| (i) Related Parties (note 31) | 37.65 | 27.42 |
| (ii) Others | 358.71 | 505.28 |
| Statutory dues and other liabilities* | 10.56 | 7.39 |
| **Total** | **627.84** | **653.75** |

* mainly includes tax deducted at source, tax collected at source, provident fund, ESIC, Goods and Service Tax etc.

For terms and conditions with related parties, refer note 31.

## 20 Revenue from operations

### (a) Revenue from contracts with customers:

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Revenue from projects and products | 1,933.79 | 1,522.90 |
| Revenue from services | 183.02 | 85.06 |
| **Total revenue from contracts with customers** | **2,116.81** | **1,607.96** |

### (b) Other operating income

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Export incentives | 2.23 | 3.24 |
| Sale of Scrap | 12.17 | 11.97 |
| Exchange fluctuation gain / (loss)* | (5.21) | 1.41 |
| | **9.19** | **16.62** |
| **Total revenue from operations (a+b)** | **2,126.00** | **1,624.58** |

* includes mark to market gain on forward contracts not subjected to hedge accounting Rs. 0.21 (mark to market loss on March 31, 2022 : Rs. 0.58).

### (c) Disclosure pursuant to Ind AS 115: Revenue from Contracts with Customers

**i) Revenue by category of contracts:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Over a period of time basis | 2,004.89 | 1,492.20 |
| At a point-in-time basis | 111.92 | 115.76 |
| **Total revenue from contracts with customers** | **2,116.81** | **1,607.96** |

**Revenue by geographical market:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within India | 1,747.47 | 1,374.23 |
| Outside India | 369.34 | 233.73 |
| **Total revenue from contracts with customers** | **2,116.81** | **1,607.96** |

**ii) Contract balances:**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables (note 6) | 555.37 | 460.67 |
| Unbilled revenue (Contract asset) (note 8(a) and 8(b)) | 184.62 | 175.89 |
| Unearned revenue (Contract liability) (note 19) | 220.92 | 113.66 |
| Customer advances (Contract liability) (note 19) | 396.36 | 532.70 |

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to Trade receivables on completion of milestones and the related invoicing.

The contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash positions on specific projects.

**iii) Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the year:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Unearned revenue | 102.79 | 61.26 |
| Customer advance | 405.13 | 210.97 |

**iv) Changes in unbilled revenue and unearned revenue for the year:**

The explanation of the significant changes in the unbilled and unearned balances during the reporting year is presented in the table below

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening unbilled revenue (refer note 8(b))** | **175.89** | **124.04** |
| **Opening unearned revenue (refer note 19(a))** | **113.66** | **68.09** |
| - Transfer of contract assets to receivable from opening unbilled revenue | (161.49) | (115.75) |
| - Increase in revenue as a result of changes in the measure of progress from the opening unearned revenue | 102.79 | 61.26 |
| - Transfer of contract assets to receivables | (1,941.81) | (1,369.46) |
| - Increase in revenue as a result of changes in the measure of progress | 1,902.10 | 1,430.94 |
| - Others* | (0.12) | (0.71) |
| **Closing unbilled revenue (refer note 8(b))** | **184.62** | **175.89** |
| **Closing unearned revenue (refer note 19(a))** | **220.92** | **113.66** |

* includes adjustments on account of onerous contracts, impairment allowance for the year etc

**v) Performance obligations**

Performance obligation in a project or a group of projects which are contracted at or near same time with the same or related parties and negotiated simultaneously, are combined for the purpose of evaluation. The Company has estimated that multiple commitments pertaining to engineering, procurement and commissioning of such projects is a single performance obligation which is spread over different accounting periods.

Performance obligation for products are evaluated on standalone basis, recognised at a point in time. Generally, performance obligations for such contracts have an original expected duration of one year or less.

There are no major contracts with customers which have significant financing component included within them and therefore there is no difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

**Remaining performance obligations:**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Amount of revenue yet to be recognised for contracts having original expected duration of more than one year in progress as on reporting date | 1,882.21 | 1,598.73 |

The Company applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

The Company expects that a significant portion of the remaining performance obligation will be completed within next 2 years.

**vi) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

There is no significant variation between revenue recognised in Statement of profit and loss and contract price except price variation claims, which are considered to be part of contract price.

**21 Other income**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest income from financial assets carried at amortized cost | | |
| Bank deposits and corporate deposits | 19.35 | 13.17 |
| Other interest income | 0.07 | 0.12 |
| Fair value gain on financial instrument at fair value through profit and loss (net) | 4.39 | 3.69 |
| Liabilities no longer required written back | 3.59 | 3.74 |
| Miscellaneous income^^ | 2.53 | 2.18 |
| **Total** | **29.93** | **22.90** |

^^Includes insurance claim of Rs. 0.25 (March 31, 2022 : Rs. 0.75) , Back charges to vendors of Rs Nil (March 31, 2022: Rs. 1.13) and Cash discounting to vendor Rs. 2.03 (March 31, 2022: Rs Nil)

**22 Cost of raw material and components consumed**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | 158.97 | 66.13 |
| Add: Purchases | 1,335.53 | 1,089.70 |
| | **1,494.50** | **1,155.83** |
| Inventories at the end of the year | 185.62 | 158.97 |
| **Total** | **1,308.88** | **996.86** |

**23 (Increase)/decrease in inventories of finished goods and work-in-progress**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | | |
| Work-in-progress | 18.56 | 3.10 |
| Finished goods | 3.19 | 4.23 |
| | **21.75** | **7.33** |
| Less: inventories at the end of the year | | |
| Work-in-progress | 8.27 | 18.56 |
| Finished goods | 2.53 | 3.19 |
| | **10.80** | **21.75** |
| **Total** | **10.95** | **(14.42)** |

**24 Employee benefits expense**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Salaries and wages | 145.64 | 133.17 |
| Contribution to provident and other funds | 10.58 | 9.38 |
| Gratuity expense (note 30) | 1.97 | 1.81 |
| Staff welfare expenses | 7.09 | 5.05 |
| ESOP Expense (note 37) | 0.47 | - |
| **Total** | **165.75** | **149.41** |

**25 Finance cost**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest expense | 7.89 | 10.22 |
| Unwinding of discount | 3.49 | 4.01 |
| **Total** | **11.38** | **14.23** |

**26 Depreciation and amortization expense**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment (note 4 (a)) | 43.90 | 46.12 |
| Amortisation of Right of Use Assets (note 4 (b)) | 0.72 | 0.84 |
| Amortisation of intangible assets (note 4 (c)) | 1.06 | 1.10 |
| **Total** | **45.68** | **48.06** |

**27 (a) Other expenses**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Consumption of stores and spare parts | 25.22 | 40.97 |
| Power and fuel | 10.11 | 9.35 |
| Freight and forwarding charges (net) | 97.88 | 71.91 |
| Site expenses and contract labour charges | 234.71 | 148.30 |
| Drawing, design and technical service charges | 15.20 | 13.99 |
| Sales commission | 5.10 | 9.92 |
| Advertisement and sales promotion | 3.00 | 1.32 |
| Rent (note 29 B (b) (i)) | 12.19 | 9.09 |
| Rates and taxes | 0.86 | 4.14 |
| Insurance | 2.03 | 2.11 |
| Repairs and maintenance: | | |
| Plant and machinery | 3.45 | 3.01 |
| Buildings | 0.99 | 0.94 |
| Others | 8.04 | 5.80 |
| Travelling and conveyance | 17.50 | 11.67 |
| Legal and professional fees (includes payment to auditor; refer note 27 (b)) | 3.40 | 3.23 |
| Management fees (note 31) | 27.27 | 15.37 |
| Director sitting fees | 0.13 | 0.14 |
| CSR expenditure | 0.79 | 0.26 |
| Bad debts/ advances written off | 2.22 | 1.34 |
| Provision for impairment allowance of financial assets (net) | 4.51 | (6.12) |
| Warranty expenses (net) | 3.22 | (2.32) |
| Loss on sale/ discard of assets (net) | (0.36) | 0.16 |
| Miscellaneous expenses (includes printing, communication, postage, security expense, etc.) | 19.29 | 19.48 |
| **Total** | **496.75** | **364.06** |

**(b) Payment to auditors**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **As auditor** | | |
| Audit and limited review fee | 0.39 | 0.39 |
| Tax audit fee | - | - |
| **In other capacity** | | |
| Other services | 0.01 | 0.02 |
| Reimbursement of expenses | 0.02 | * |
| **Total** | **0.42** | **0.41** |

* less than one lakh.

**(c) Corporate Social Responsibility (CSR)**

| | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| (a) Gross amount required to be spent by the Company during the year | 0.79 | 0.26 |
| (b) Amount spent during the year^ | 0.79 | 0.26 |
| (c) Shortfall at the end of the year | - | - |
| (d) Total of previous years shortfall | - | - |
| (e) Reason for shortfall | Not applicable | Not applicable |
| (f) Nature of CSR activities | Education, Skill Development, Rural Development | Disaster Relief, Education, Skill Development, Rural Development |
| (g) Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard: | 0.79 | 0.26 |

^The amount is contributed to Thermax Foundation, India (refer note 31) which is engaged in education of economically underprivileged children by addressing social discrimination through affirmative actions, skill development and employability initiatives. There is no provison made in respect of CSR expenditure as at March 31,2023.

Thers is no shortfall in contribution as at March 31, 2023.

**28 (a) Earnings per share**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit after tax attributable to the Equity shareholders | 92.18 | 66.45 |
| Weighted average number of Equity shares of Rs.10/- each | 628,222,500 | 628,222,500 |
| Basic and diluted Earning per share (Rs.) | 1.47 | 1.06 |

**28 (b) Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2023

| | Effective portion of cash flow hedge reserve | Retained Earnings | Total |
|---|---|---|---|
| Foreign exchange forward contracts | (3.20) | - | (3.20) |
| Reclassified to Statement of profit or loss (Net) | (2.36) | - | (2.36) |
| Re-measurement gains on defined benefit plans | - | (2.67) | (2.67) |
| **Total** | **(5.56)** | **(2.67)** | **(8.23)** |

For the year ended March 31, 2022

| | Effective portion of cash flow hedge reserve | Retained Earnings | Total |
|---|---|---|---|
| Foreign exchange forward contracts | 1.95 | - | 1.95 |
| Reclassified to Statement of profit or loss (Net) | (0.67) | - | (0.67) |
| Re-measurement gains on defined benefit plans | - | (0.23) | (0.23) |
| **Total** | **1.28** | **(0.23)** | **1.05** |

**29 Contingent liabilities and commitments**

**A Contingent liabilities**

**a)** As part of the slump purchase agreement in FY 2019-2020 with the Holding Company, the Company had acquired liabilities relating to demand notices/show cause-cum-demand notices from the Excise department covering period from June 2000 till June 2017 for Rs. 1,238.85 crores (including penalty but excluding interest and further penalty thereon).

These demands were of excise duty payable on inclusion of the cost of bought out items in the assessable value of certain products manufactured by the Company, though such duty paid bought out items are directly dispatched by the manufacturers thereof to the ultimate customer, without being received in the Company's factory. The Holding Company had filed an appeal against the said orders received before CESTAT, Mumbai in the earlier years.

- During the year, the CESTAT has allowed this appeal and issued a favourable decision for the Holding Company.

b)

| Particulars (excluding of interest and penalty thereon) | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Income tax matters (#) | 102.30 | 100.34 |
| Excise, Customs Duty and Service tax | 6.80 | 6.80 |
| Sales tax ($) | 5.21 | 6.24 |

# - The Company has received an income tax order for AY 2021-22 majorly adding back income of Rs 200.10 for Goods and Services Tax ("GST") on sales. The Company has filed an stay of demand against the said order. Based on the advice obtained from tax expert, the Company's management believes that the probability of any outflow in respect of this order is remote and hence not considered in contingent liability.

- During the FY 2021-22, The Company has received a income tax assessment order for AY 2017-18 majorly adding back income for sales made to related parties and on account of share premium for shares issued. The Company has filed an appeal with ITAT against the said order. Based on the advice obtained from tax expert, the Company's management does not expect any outflow in respect of this order.

$ From FY 2006-07 to FY 2015-16, the Company has indicated a contingent liability of Rs. 5.27 (March 31, 2022 : Rs.5.45) for various demand notices received by the Holding company. These liabilities are related to part of the acquired business.

**c) Others**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Liability for export obligations | 1.93 | 1.32 |
| Claims against the Company not acknowledged as debt* | 0.55 | 0.55 |

The Company has imported goods against advance licences. The timing and amount of the liability which will arise from above matters, will be determined by the relevant authorities on settlement of the cases.

*Claims against the Company not acknowledged as debt on account of ongoing legal dispute. Based on the legal opinion on few matters and management assessments of the facts of the case, no provision is considered for the subject matters. Pending resolution of the matters, it is not practicable to estimate the timing of cash outflows, if any.

d) The Company has issued various guarantees for performance, deposits, tender money, advances,etc to customers. The management has considered the probability for outflow of the same to be remote and accordingly no amount has been disclosed here.

**B Capital and other commitments**

a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 1.40 (March 31, 2022 : Rs. 0.70).

**b) Lease commitments**

**i. Operating lease: Company as lessee**

The Company has taken office buildings and factory shed on operating lease. The tenure of such leases ranges from 1 to 5 years. Lease rentals are charged to the Statement of profit and loss for the year. There are no sub-leases. The leases are renewable on mutually agreeable terms. At the expiry of the lease term, the company has an option to terminate the agreement or extend the term by giving notice in writing.

**Details of amounts recognised in statement of profit and loss**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Expense relating to short-term leases (included in other expenses) | 10.91 | 7.81 |
| Expense relating to leases of low-value assets (included in other expenses) | 1.28 | 1.28 |
| | **12.19** | **9.09** |

**ii. Operating lease: Company as lessor**

The Company has not given any asset on lease.

**30 Gratuity**

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed the specified years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy. The fund has formed a trust governed by a Board of Trustees.

The fund is subject to risks like changes in assets yields. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. Each year, the Board of Trustees reviews the level of funding in the gratuity plan. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

**I Changes in the net benefit obligation and fair value of plan assets are as follows :**

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **April 1, 2021** | **29.24** | **(33.68)** | **(4.44)** |
| Current service cost | 2.29 | - | **2.29** |
| Interest expense/(income) | 1.70 | (2.18) | **(0.48)** |
| **Total amount recognised in Profit or Loss** | **3.99** | **(2.18)** | **1.81** |
| Actuarial loss from change in financial assumptions | 0.31 | - | **0.31** |
| **Total amount recognised in Other Comprehensive Income** | **0.31** | **-** | **0.31** |
| Employer contributions | - | (4.11) | **(4.11)** |
| Benefits paid | (3.30) | 3.30 | **-** |
| **March 31, 2022** | **30.24** | **(36.67)** | **(6.43)** |
| Current service cost | 2.52 | - | **2.52** |
| Interest expense/(income) | 2.04 | (2.59) | **(0.55)** |
| **Total amount recognised in Profit or Loss** | **4.56** | **(2.59)** | **1.97** |
| Actuarial loss from change in assumptions | 3.56 | - | **3.56** |
| **Total amount recognised in Other Comprehensive Income** | **3.56** | **-** | **3.56** |
| Employer contributions | - | (3.37) | **(3.37)** |
| Benefits paid | (2.62) | 2.62 | **-** |
| **March 31, 2023** | **35.74** | **(40.01)** | **(4.27)** |

**II The net liability disclosed above relates to funded plans are as follows :**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Present value of funded obligation | 35.74 | 30.24 |
| Fair value of plan assets | (40.01) | (36.67) |
| **Deficit/(Surplus) of funded plan** | **(4.27)** | **(6.43)** |

**III Significant assumptions**

The principal actuarial assumptions were as follows :

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.40% | 6.90% |
| Salary growth rate | 7.00% | 7.00% |
| Expected return on plan assets | 6.90% | 6.50% |
| Normal retirement age | 60 Years | 60 Years |
| Mortality table | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2012-14) Ultimate |
| Employee turnover | workers 5%, staff 12% | 10% |

**IV Sensitivity analysis**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

| Assumption | Impact on defined benefit obligation | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Discount rate** | | |
| 1.00% increase | Decrease by 1.79 | Decrease by 1.67 |
| 1.00% decrease | Increase by 2.00 | Increase by 1.86 |
| **Future salary increase** | | |
| 1.00% increase | Increase by 1.66 | Increase by 1.55 |
| 1.00% decrease | Decrease by 1.52 | Decrease by 1.42 |
| **Attrition rate** | | |
| 1.00% increase | Increase by 0.05 | Decrease by 0.01 |
| 1.00% decrease | Decrease by 0.03 | Increase by 0.01 |

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous periods.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within next 12 months | 6.56 | 5.22 |
| Between 2-5 years | 12.81 | 16.26 |
| Between 6-10 years | 23.98 | 21.37 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 7.5 years (March 31, 2022 : 7.78 years)

The Company expects to contribute Rs. 2.83 to gratuity fund in the next year (March 31, 2022 : Rs. 1.00)

**V The major categories of plan assets are as follows:**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Investments with Insurer (LIC of India) | 100.00% | 100.00% |

**31 Related party disclosures**

**A Ultimate Holding Company**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | RDA Holdings Private Limited | India |

**B Holding Company**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Limited | India |

**C Fellow subsidiaries**

**Related parties with whom transactions have taken place during the year and previous year :**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Instrumentation Limited | India |
| 2 | Thermax Engineering Construction Company Limited | India |
| 3 | Thermax Europe Limited | United Kingdom |
| 4 | Thermax Cooling Solutions Limited | India |
| 5 | Thermax Onsite Energy Solutions Limited | India |
| 6 | PT Thermax International, Indonesia | Indonesia |

**D Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Foundation | India |

**E Key Management Personnel:**

1 Mr. Ashish Bhandari - Director and Chairman

2 Mr. Ravinder Advani - Director

3 Mr. Pravin Karve- Director (CEO till July 29, 2022)

4 Mr. Shekhar Kashalikar- Director and CEO (appointed on July 29, 2022)

5 Mr. Rajendran Arunachalam- Director

6 Mr. Nawshir Mirza- Director

7 Mrs. Rajani Kesari - Director (appointed on May 13, 2021)

8 Mrs. Lata Kumar- Chief Financial Officer (resigned on July 29, 2021)

9 Mr. Bhavesh Chheda - Chief Financial Officer (appointed on July 29, 2021)

10 Ms. Apurva Gupte - Company Secretary

**F Individuals having control or significant influence over the Company by reason of voting power, and their relatives:**

1 Mrs. Meher Pudumjee - Chairperson of Holding Company

2 Mrs. Anu Aga - Relative of Chairperson of Holding Company

3 Mr. Pheroz Pudumjee - Director of Holding Company

4 Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

5 Ms. Lea Pudumjee - Relative of Chairperson of Holding Company

G **Transactions with related parties:**

| | Holding Company | | Fellow subsidiaries | | Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel | | Key Management Personnel and Individuals having Significant influence over the Company | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **a. Transactions during the year** | | | | | | | | | | |
| Revenue from contracts with customers | 178.07 | 146.10 | 0.36 | 0.32 | - | - | - | - | **178.43** | **146.42** |
| Miscelleneous income | - | 0.26 | - | 0.14 | - | - | - | - | **-** | **0.40** |
| Recovery of expenses | 1.53 | 1.09 | - | 0.01 | - | - | - | - | **1.53** | **1.10** |
| Purchase of raw material and components | 63.45 | 31.31 | 0.11 | 0.17 | - | - | - | - | **63.56** | **31.48** |
| Site expenses and contract labour charges | 1.80 | - | - | - | - | - | - | - | **1.80** | **-** |
| Reimbursement of expenses | 6.07 | 12.19 | 0.25 | 1.87 | - | - | - | - | **6.32** | **14.06** |
| Remuneration to key management personnel* | - | - | - | - | - | - | 4.90 | 2.76 | **4.90** | **2.76** |
| Sale of property, plant and equipment | - | 0.11 | - | - | - | - | - | - | **-** | **0.11** |
| Purchase of property, plant and equipment | 2.29 | - | - | 0.01 | - | - | - | - | **2.29** | **0.01** |
| Loan repaid | - | 76.00 | - | - | - | - | - | - | **-** | **76.00** |
| Interest Paid | - | 3.15 | - | - | - | - | - | - | **-** | **3.15** |
| Other expenses# | 10.09 | 6.59 | - | - | - | - | - | - | **10.09** | **6.59** |
| Management fees | 27.27 | 15.37 | - | - | - | - | - | - | **27.27** | **15.37** |
| Director's sitting fees | - | - | - | - | - | - | 0.13 | 0.14 | **0.13** | **0.14** |
| Donation | - | - | - | - | 0.79 | 0.26 | - | - | **0.79** | **0.26** |
| Commission paid | - | - | - | - | - | - | 0.15 | 0.12 | **0.15** | **0.12** |
| Rent paid | 4.25 | 4.25 | - | - | - | - | - | - | **4.25** | **4.25** |

*Does not include gratuity and leave encashment since the same is calculated for all employees of the Company as a whole.
# Includes other cost allocation from Holding Company , etc.

Transaction carried out by Holding Company as agent with the company :

| Description | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Revenue from contracts with customers | 8.71 | 19.78 |
| Purchase of raw material and components | 52.07 | 11.99 |

The above table excludes other reimbursements or recoveries in the nature of employee costs incurred by Holding Company in the capacity of agent.

| | Holding Company | | Fellow subsidiaries | | Enterprises over which control is exercised by Individuals having Significant influence over the company and Key Management Personnel | | Key Management Personnel and Individuals having Significant influence over the Company | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **b.Balances as at reporting date** | | | | | | | | | | |
| Trade receivables | 30.74 | 38.80 | 0.75 | 0.60 | - | - | - | - | **31.49** | **39.40** |
| Advance to suppliers | 9.32 | 6.77 | - | 1.72 | - | - | - | - | **9.32** | **8.49** |
| Trade payables | 38.30 | 28.01 | 0.24 | 2.05 | - | - | - | - | **38.54** | **30.06** |
| Unbilled revenue | 5.93 | 2.87 | - | - | - | - | - | - | **5.93** | **2.87** |
| Customer advances | 37.65 | 27.42 | - | - | - | - | - | - | **37.65** | **27.42** |
| Commission payable | - | - | | - | - | - | 0.15 | 0.12 | **0.15** | **0.12** |
| Corporate guarantees issued on behalf of Company | 2,155.02 | 1,705.48 | - | - | - | - | - | - | **2,155.02** | **1,705.48** |

**H Related party transactions include transactions pertaining to the following parties with whom the transactions are considered to be individually significant (percentage of the transactions being 10% or more of the total of transactions given in note 'G' above):**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Transactions during the year** | | |
| **Revenue from contracts with customers** | | |
| Thermax Limited, India | 178.06 | 146.10 |
| **Miscellaneous income** | | |
| Thermax Limited, India | - | 0.26 |
| Thermax Engineering Construction Company Limited, India | - | 0.14 |
| **Recovery of expenses** | | |
| Thermax Limited, India | 1.53 | 1.09 |
| **Purchase of raw material and components** | | |
| Thermax Limited, India | 63.45 | 31.31 |
| **Sale of property, plant and equipment** | | |
| Thermax Limited, India | - | 0.11 |
| **Site expenses and contract labour charges** | | |
| Thermax Limited, India | 1.80 | - |
| **Reimbursement of expenses** | | |
| PT Thermax International, Indonesia | - | 1.59 |
| Thermax Limited, India | 6.07 | 12.19 |
| **Remuneration to key management personnel, excluding commission** | | |
| Mr. Pravin Karve | 2.58 | 2.03 |
| Mr. Bhavesh Chheda | 0.62 | 0.35 |
| Mr. Shekhar Kashalikar | 1.63 | - |
| Mrs. Lata Kumar | - | 0.32 |
| Ms. Apurva Gupte | 0.07 | 0.06 |
| **Purchase of property, plant and equipment** | | |
| Thermax Engineering Construction Company Limited, India | - | 0.01 |
| Thermax Limited, India | 2.29 | - |
| **Loan repaid** | | |
| Thermax Limited, India | - | 76.00 |
| **Director's sitting fees** | | |
| Mr. Nawshir Mirza | 0.04 | 0.05 |
| Mr. Ravinder Advani | 0.05 | 0.05 |
| Mrs. Rajani Kesari | 0.04 | 0.04 |
| **Commission Paid** | | |
| Mr. Nawshir Mirza | 0.07 | 0.06 |
| Mr. Ravinder Advani | 0.04 | 0.03 |
| Mrs. Rajani Kesari | 0.04 | 0.03 |
| **Management fees** | | |
| Thermax Limited, India | 27.27 | 15.37 |
| **Other expenses** | | |
| Thermax Limited, India | 10.09 | 6.59 |
| **Donation** | | |
| Thermax Foundation, India | 0.79 | 0.26 |
| **Rent paid** | | |
| Thermax Limited, India | 4.25 | 4.25 |
| **Interest paid** | | |
| Thermax Limited, India | - | 3.15 |

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Balances as at year end** | | |
| **Trade receivables** | | |
| Thermax Limited, India | 30.74 | 38.80 |
| **Advance to suppliers** | | |
| Thermax Limited, India | 9.32 | 6.77 |
| PT Thermax International, Indonesia | - | 1.52 |
| **Trade payables** | | |
| Thermax Limited, India | 38.30 | 28.01 |
| **Unbilled revenue** | | |
| Thermax Limited, India | 5.93 | 2.87 |
| **Customer advances** | | |
| Thermax Limited, India | 37.65 | 27.42 |
| **Commission Payable** | | |
| Mr. Nawshir Mirza | 0.07 | 0.06 |
| Mr. Ravinder Advani | 0.04 | 0.03 |
| Mrs. Rajani Kesari | 0.04 | 0.03 |
| **Corporate guarantees issued on behalf of company** | | |
| Thermax Limited, India | 2155.02 | 1,705.48 |

**I Terms and conditions of related party transactions**

The sales to and purchases from related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash (excluding loan outstanding).

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Company has recorded an impairment of receivables relating to amounts owed by related parties of Rs. 4.68 (March 31, 2022 : Rs. 3.00). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. All outstanding balances are unsecured and repayable in cash

**32 Segment information**

The Company's portfolio includes subcritical and supercritical boilers and related services. The Director and CEO of the Company, has been identified as the Chief Operating Decision Maker ('CODM'). For management purposes, the Company reports the details of operating segments as a single segment for "industrial infra (energy and allied services)". The CODM reviews the information for this single segment only. Accordingly, the Company has provided only geographical segment disclosures.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Revenue^** | | |
| Within India | 1,747.47 | 1,374.23 |
| Outside India | 369.34 | 233.73 |
| **Total Revenue** | **2,116.81** | **1,607.96** |
| **Carrying Amount of non current assets** | | |
| Within India | 352.03 | 381.90 |
| Outside India | - | - |
| **Total Asset** | **352.03** | **381.90** |
| **Addition to plant, property and equipment and intangible assets** | | |
| Within India | 6.97 | 4.23 |
| Outside India | - | - |
| **Total Addition to plant, property and equipment and intangible assets** | **6.97** | **4.23** |

^ During the current financial year there is no external customer who contributes 10% or more of total revenue (March 31, 2022 : Rs 268.92 from one external customer)

**33 Fair value measurements**

**a) Category of financial instruments and valuation techniques**

**Details of financial assets carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables | 555.37 | 460.67 |
| Loans | 1.57 | 1.33 |
| Investments | 108.11 | 82.20 |
| Other financial assets | 189.44 | 206.71 |
| Cash and cash equivalents | 16.42 | 20.25 |
| Bank balances other than cash and cash equivalents | 289.35 | 245.94 |
| **Total** | **1,160.26** | **1,017.10** |
| Current assets | 1,134.78 | 997.36 |
| Non-current assets | 25.48 | 19.74 |
| **Total** | **1,160.26** | **1,017.10** |

The management has assessed that the carrying amounts of the above financial instruments appoximate their fair values.

**Details of financial assets carried at fair value through profit and loss**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Investments | 89.76 | 144.01 |
| **Total** | **89.76** | **144.01** |
| Current assets | 89.76 | 144.01 |
| Non-current assets | - | - |
| **Total** | **89.76** | 144.01 |

The fair values of mutual funds are based on price quotations at the reporting date.

**Details of derivative assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments** | | |
| Cash flow hedges | | |
| Foreign exchange forward contracts | 0.46 | 1.45 |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | 0.44 | 0.20 |
| **Total** | **0.90** | **1.65** |
| Current assets | 0.90 | 1.65 |
| Non-current assets | - | - |
| **Total** | **0.90** | **1.65** |

**Details of derivative liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments** | | |
| Cash flow hedges | | |
| Foreign exchange forward contracts | 4.82 | 0.02 |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | 0.23 | 0.78 |
| **Total** | **5.05** | **0.80** |
| Current liabilities | 5.05 | 0.80 |
| Non-current liabilities | - | - |
| **Total** | **5.05** | **0.80** |

The Company enters into derivative financial instruments with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs which captures credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

**Details of financial liabilities carried at amortised cost**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Borrowings | 57.00 | 82.44 |
| Trade payables | 433.40 | 428.89 |
| Employee related payables | 21.52 | 20.26 |
| Other liabilities | 1.23 | 2.40 |
| **Total** | **513.15** | **533.99** |
| Current liabilities | 512.40 | 533.01 |
| Non current liabilities | 0.75 | 0.98 |
| **Total** | **513.15** | **533.99** |

**Details of financial liabilities carried at fair value**

| **Particulars** | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Borrowings** | | |
| Preference Shares (52,700,000 (March 31, 2022 : 52,700,000 ) redeemable preference shares of Rs. 10/- each) | 72.62 | 68.41 |
| **Total** | **72.62** | **68.41** |
| Current liabilities | - | - |
| Non-current liabilities | 72.62 | 68.41 |
| **Total** | **72.62** | **68.41** |

The management has assessed that the carrying amounts of the above financial instruments appoximate their fair values.

**b) Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2023

| | Date of valuation | Level 1 | Level 2 | Level 3* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual funds | March 31, 2023 | 89.76 | - | - |
| Corporate deposit | March 31, 2023 | - | 108.11 | |
| Derivative financial assets | March 31, 2023 | - | 0.90 | - |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | March 31, 2023 | - | 5.05 | - |
| Borrowings | March 31, 2023 | - | - | 72.62 |

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2022

| | Date of valuation | Level 1 | Level 2 | Level 3* |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual funds | March 31, 2022 | 144.01 | - | - |
| Corporate deposit | March 31, 2022 | - | 82.20 | - |
| Derivative financial assets | March 31, 2022 | - | 1.65 | - |
| **Financial liabilities** | | | | |
| Derivative financial liabilities | March 31, 2022 | - | 0.80 | - |
| Borrowings | March 31, 2022 | - | - | 68.41 |

There has been no transfer between Level 1 and Level 2 during the year and during the previous year.

Valuation of financial assets in Level 3 has been done based on discounting of future cash flows. There are no transfers into or out of Level 3 of the fair value hierarchy during the year.

* The movement in Level 3 is on account of interest accretion which is recognized under interest income in the statement of profit and loss.

**34 (a) Financial risk management**

The Company's principal financial liabilities, other than derivatives, comprise trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, loans and cash and cash equivalents that it derives directly from its operations. The Company holds FVTPL investments and also enters into derivative transactions.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2023 and March 31, 2022. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

**I Market risk**

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

**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 is not currently exposed significantly to such risk as the loans taken were from the Parent Company. The Company repaid the loan during the previous year.

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts(foreign currency forward contracts) that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of expected settlement of the resulting receivable or payable that is denominated in the foreign currency.

**Foreign currency sensitivity**

The following table demonstrates 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 foreign currency derivatives not designated as cash flow hedge and foreign currency derivatives with underlying foreign currency monetary assets/liabilities designated as cash flow hedge. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

| | Impact on profit before tax | | Impact on other components of equity | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **USD Sensitivity** | | | | |
| INR/ USD - Increase by 1% | (0.03) | (0.31) | (0.20) | (0.90) |
| INR/ USD - Decrease by 1% | 0.03 | 0.31 | 0.20 | 0.90 |
| **EURO Sensitivity** | | | | |
| INR/ EUR - Increase by 1% | (0.03) | 0.08 | (0.35) | 0.02 |
| INR/ EUR - Decrease by 1% | 0.03 | (0.08) | 0.35 | (0.02) |

Favourable impact shown as positive and adverse impact as negative.

The exposure to other foreign currencies is not significant to the Company's financial statements.

**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 contract assets) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**Trade receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 6 and 8(b) above. The charge of impairment to Statement of profit and loss is diclosed in note 27(a) above. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

**Financial instruments and bank deposits**

Credit risk from balances with banks, mutual funds, loans and other financial assets are managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties having a good market reputation and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 and March 31, 2022 is the carrying amounts as disclosed in Note 8(a) and 12, maximum exposure relating to financial derivative instruments is disclosed in notes 8(b) and 17(b) to the financial statements.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at operating segments level in the Company in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**(i) Maturities of financial liabilities**

The tables below summarises the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

| March 31, 2023 | < 1 year | 1 to 3 years | > 3 years |
|---|---|---|---|
| **Non- derivative** | | | |
| Borrowings | 57.00 | 72.62 | - |
| Trade Payables | 433.40 | - | - |
| Other financial liabilities | | | |
| Other payables | 22.00 | 0.75 | - |
| **Derivatives (net settled)** | | | |
| Foreign exchange forward contracts | 5.05 | - | - |

| March 31, 2022 | < 1 year | 1 to 3 years | > 3 years |
|---|---|---|---|
| **Non- derivative** | | | |
| Borrowings | 82.44 | - | 68.41 |
| Trade Payables | 428.89 | - | - |
| Other financial liabilities | | | |
| Other payables | 21.68 | 0.98 | - |
| **Derivatives (net settled)** | | | |
| Foreign exchange forward contracts | 0.80 | - | - |

**34 (b) Hedging activities and derivatives**

**Cash flow hedges**

**Foreign currency risk**

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in USD, EUR and forecast purchases in USD, EUR, GBP and CZK. These forecast transactions are highly probable, and fully cover the Company's expected future sales and future purchases based on the orders received.

While the Company also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Fair Value of Foreign exchange forward contracts designated as hedging instruments | 0.90 | (5.05) | 1.65 | (0.80) |

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss. Notional amounts of hedged instruments mentioned as assets for export transaction and as liabilities for import transactions, are as mentioned below.

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| Cash flow hedge | | | | |
| Foreign exchange forward contracts | 138.74 | - | 162.15 | - |
| Derivatives not designated as hedges | | | | |
| Foreign exchange forward contracts | 51.57 | 41.09 | 105.96 | 21.10 |

All the derivative contracts mature within the next 12 months.

The cash flow hedges of the expected future sales and purchases were assessed to be highly effective and following net unrealised gain / (loss) with a deferred tax asset/ (liability) relating to the hedging instruments, is included in OCI.

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Expected future sales | Expected future purchases | Expected future sales | Expected future purchases |
| Unrealised gain/ (loss) | (4.71) | - | 0.92 | - |
| Deferred tax asset/ (liability) | 1.19 | - | (0.23) | - |
| | **(3.52)** | **-** | **0.69** | **-** |

**35 Key Financial Ratios**

| Ratios | Numerator | Denominator | March 31, 2023 | March 31, 2022 | Change | Reason for Variance |
|---|---|---|---|---|---|---|
| **Current Ratio** | Current Assets | Current Liabilities | 1.28 | 1.17 | 9.41% | |
| **Debt-Equity Ratio** | Total Debt | Shareholder's Equity | 0.19 | 0.25 | -24.53% | |
| **Debt service coverage ratio** | Earnings for debt service = Net profit after taxes + Non-cash operating expenses | Debt service = Interest & Lease Payments + short term borrowings | 2.18 | 1.33 | 63.28% | Refer Note 35(a) |
| **Return on equity ratio** | Net Profits after taxes – Preference Dividend | Average Shareholder's Equity | 14.14% | 11.54% | 22.55% | |
| **Inventory turnover ratio** | Cost of goods sold | Average Inventory | 6.82 | 7.51 | -9.19% | |
| **Debtors turnover ratio** | Net sales = Gross sales - sales return | Average Trade Receivable | 4.17 | 3.75 | 11.02% | |
| **Trade payables turnover ratio** | *Net purchases | Average Trade Payables | 4.24 | 4.12 | 2.94% | |
| **Net working capital turnover ratio** | Net sales = Total sales - sales return | Working capital = Current assets – Current liabilities | 6.10 | 7.39 | -17.42% | |
| **Net Profit ratio** | Net Profit after tax | Net sales = Total sales - sales return | 4.35% | 4.13% | 5.37% | |
| **Return on capital employed** | Earnings before interest and taxes | Capital Employed = Net Worth + Total long term Debt | 16.69% | 15.27% | 9.29% | |
| **Return on investment** | Interest (Finance Income) | Average Investment | 5.06% | 4.77% | 6.02% | |

*Net credit purchases = Gross credit purchases - purchase return + staff welfare + Other expenses (Excluding Bad debts written off, Provision for impairment allowance on financial assets, warranty expenses & Loss on sale/discard of assets)

35(a) Repayment of packing credit and increase in Earnings before interest, tax and depreciation (EBITDA) has resulted into better debt service coverage ratio

**36 Struck off companies**

Below are details of invesment, receivable, payable and any other transactions outstanding with struck off companies.

For the year ended March 31, 2023

| Name of struck off company | Nature of other outstanding balances | Transactions During the Year | Balance outstanding | Relationship with the struck off Company, if any, to be disclosed |
|---|---|---|---|---|
| Compact Global Private Limited | Payable | - | 0.65 | None |

For the year ended March 31, 2022,there are no struck off companies.

**37 Share based payments**

**Employees Stock Option Plan 2021 (ESOP 2021)**

The Parent Company approved Employee Stock Option Plan at their meeting in January 2022. Pursuant to this approval, the Parent Company instituted ESOP 2021 Plan in January 2022. The compensation committee of the Parent Company administers this Plan. Each option carries with it the right to purchase one equity share of the Parent Company. The Options have been granted to employees of the Company at an exercise price that is not less than the face value of shares as on date of grant of such option. Option Granted under ESOP 2021 shall vest not earlier than minimum period of 1 (One) year and not later than maximum period of 3 (Three) years from the date of Grant. The vesting of the options is 33%, 33% and 34% of total options granted after end of first, second and third year respectively from the date of grant.The maximum exercise period is 5 years from the date of vesting.

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year.

| Particulars | March 31, 2023 | |
|---|---|---|
| | **No.of options** | **Weighted average exercise price per share (Rs.)** |
| Options outstanding at the beginning of the year | - | - |
| Granted during the year | 4,241 | 15.25 |
| Forfeited during the year | - | 15.25 |
| Exercised during the year | - | - |
| Lapsed during the year | - | - |
| Options outstanding at the end of year | 4,241 | 15.25 |
| Options exercisable at the end of the year | - | 15.25 |

There were no options exercised during the year.

The weighted average remaining contractual life is as follows:

| | March 31, 2023 |
|---|---|
| Exercise price | Rs. 15.25 per share |
| Weighted average contractual life (years) | 5 Years |
| No. of Options | 4241 |

The fair value of each option is estimated on the date of grant using Black and Scholes option pricing model with the following assumptions:

| | As at March 31, 2023 |
|---|---|
| 1. Exercise price (Rs.) | 15.25 |
| 2. Price of the underlying share in market at the time of the option grant (Rs.) | Rs. 2139.45 per share as on May 19, 2022 |
| 3. Weighted average fair value of options granted (Rs) | 2105.66 |
| 4. Expected life of the option (years) | 3.00 |
| 5. Risk free interest rate (%) | 6.59% |
| 6. Expected volatility (%) | 12.86% |
| 7. Dividend yield (%) | 0.48% |

The Company recorded an employee compensation cost of Rs. 0.47 (March 31, 2022 : Rs Nil ) in the Statement of Profit and Loss.

The expected price volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information

**38 Capital Management**

The Company's objective for capital management is to maximise long - term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long - term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to equity holders of the Parent Company.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Borrowings | 129.62 | 150.85 |
| Trade payables | 433.40 | 428.89 |
| Less: Cash and cash equivalents | (16.42) | (20.25) |
| **Net debt** | **546.60** | **559.49** |
| Equity | 693.90 | 609.48 |
| **Capital and net debt** | **1,240.50** | **1,168.97** |
| **Gearing ratio** | **1 : 2.27** | **1 : 2.09** |

**39 Assets classified as held for sale**

The Company has identified certain plant and machinery which are available for sale in its present condition. The Company is committed to plan the sale of asset and an active programme to complete the sale has been initiated. The Company expects to dispose off this asset in the due course. Accordingly, non-current assets held for sale amounting to Rs. 1.37 (March 31, 2022 Rs. Nil) (net book value of plant and equipments) has been classified in the books of accounts.

**40 Other statutory information**

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period,

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) (A) The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(v) The Company has not made any such 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)

(vi) The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

**41 Compliance with section 143(3) for maintenance of books of account**

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The Company has a process to take daily back-up of books of account maintained in electronic mode and alongwith the logs of the back-up of such books of account. However, the backup of certain books and records pertaining to employee reimbursement system maintained in electronic mode has not been maintained on servers physically located in India on daily basis. The Company will take appropriate measures to comply with regulations.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg. No.: 324982E/E300003

per Sumit Kumar Agrawal
Partner
Membership No. 135859

Place: Pune
Date: May 12, 2023

**For and on behalf of the Board of Directors of**
**Thermax Babcock & Wilcox Energy Solutions Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Shekhar Kashalikar**
Director and CEO
DIN: 09688441

**Bhavesh Chheda**
Chief Financial Officer

**Apurva Gupte**
Company Secretary

Place: Pune
Date: May 12, 2023

# First Energy Private Limited

| Board of Directors | Registered Office | Auditors |
|---|---|---|
| Hemant Mohgaonkar<br>Rajendran Arunachalam<br>Ashish Bhandari | Thermax House,<br>14, Mumbai – Pune Road, Wakdewadi,<br>Pune – 411003 | Price Waterhouse & Co.<br>Chartered Accountants LLP<br>7th Floor, Business Bay, Tower A,<br>Wing -1, Airport Road,<br>Yerwada, Pune 411006 |
| **Key Managerial Personnel** | **Bankers** | **Corporate Office** |
| Ravi Damaraju, CEO<br>Mitish Somani, CFO<br>Sampada Sakhare, CS | HSBC Bank<br>ICICI Bank | Unit No. 601, 6th Floor,<br>Cello Platina, F.C. Road,<br>Shivajinagar, Pune 411005 |

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the Fifteenth Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

(Rs. in Lakh)

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| Total income | 1597.18 | 2653.91 | 1932.64 | 2655.18 |
| Profit/(Loss) before depreciation | (1508.28) | 126.40 | (1882.37) | 122.04 |
| Depreciation and impairment | 83.89 | 24.74 | 164.05 | 24.74 |
| Profit/(Loss) before tax | (1592.17) | 101.66 | (2046.42) | 97.30 |
| Provision for taxation (incl. deferred tax) | 36.16 | - | 43.37 | - |
| Items that not to be reclassified to profit or loss | - | - | - | - |
| Profit/(Loss) after tax | (1628.33) | 101.66 | (2089.79) | 97.30 |

**State of Company's Affairs**

The Company has completed its first set of projects comprising of a 16MWp Group Captive, solar project in the state of Tamil Nadu and an 11.5 MWp Captive solar project in Maharashtra progressively between December 2022 and March 2023. The Company also launched its first hybrid project of 51.8 MWp in Gujarat, and the project is currently in an advanced stage of completion and expected to get commissioned by June 2023. In Q4, the Company also launched a 130 MWp bundled solar wind project in Tamilnadu for which the land acquisition is presently underway.

**Material changes affecting financial position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

**Dividend**

In view of the losses, the directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the company has not transferred any amount to the General Reserve.

**Share Capital**

During the year there were changes in the capital structure of the Company. The Paid-up Share Capital of the Company is Rs. 153, 40, 63, 650 divided into Equity Shares of Rs. 15, 34, 06, 365 of Rs.10 each. During the year under review, the Company has made the further issue of shares to the existing shareholders on a rights basis. Details of the further issue of shares are as follows:

| Date of Issue | Number of Shares | Nominal value per share (Rs.) | Amount (Rs.) |
|---|---|---|---|
| 07/06/2022 | 1,26,00,000 | 10 | 12,60,00,000 |
| 16/08/2022 | 7,40,00,000 | 10 | 74,00,00,000 |
| 02/02/2023 | 11,00,00,000 | 10 | 1,10,00,00,000 |

The Company has increased its authorized share capital to Rs. 325,00,00,000/- (Rupees Three hundred and twenty five crores only) divided into 32,50,00,000 (Thirty two crores fifty lakhs) Equity Shares of Rs.10/- each from earlier Rs. 200,00,00,000/- (Rupees two hundred crores only) divided into 20,00,00,000 (Twenty crores) Equity Shares of Rs.10/- each. The increase in share capital was approved by the members of the Company in their Extra-Ordinary General Meeting held on March 29, 2023.

The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures and Associates**

During the year the Company has incorporated five subsidiaries namely First Energy 3 Private Limited, First Energy 4 Private Limited, First Energy 5 Private Limited, First Energy 6 Private Limited, and First Energy 7 Private Limited for carrying out its Group Captive or Captive Power projects in different states. The Company has acquired two private limited companies, namely Jalansar Wind Energy Private Limited and Kanakal Wind Energy Private Limited w.e.f. June 22, 2022, for carrying out its Captive Solar Project in the state of Maharashtra.

The annual accounts of the subsidiary companies and related detailed information are available to the shareholders of the holding and subsidiary company as well as to the statutory authorities. On request, these documents will be made available for inspection at the Company's corporate office.

**Highlights of performance of subsidiaries**

During the year, the Company undertook Captive Renewable Projects under its five SPVs in different states. As these projects were at their early stage of commissioning their contribution to the consolidated performance of the Company was limited during the period under review.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

The details of loans and investments covered under the provisions of section 186 of the Companies Act, 2013, are given in the notes to the Financial Statements. During the year, the Company did not give any guarantee.

**Restriction on purchase by Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of risks in its Renewable Energy business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involves risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also contracts competent local infra partners having experience and capability.

- **Renewable Sources and Grid Availability**

  The risk identified by the Company is lower generation on account of lower radiation, wind speed, and Grid failures. The Company continuously studies the radiation levels and Wind Resources Assessment with historical data from reliable sources and accordingly sizes the plant and the financial models for arriving at the right tariff for the available conditions. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk results in revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance. The Company is also using waterless robotic technology for cleaning modules and therefore manpower dependency is reduced.

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

**During the year the Company took below health and safety initiatives:**

- Participation and contribution of the corporate safety council (divisional level) to discuss the HSE improvement action plan.
- Organising discussions of Lifesaving rules, Behavior base safety and Incident management for site officials.
- Organising a safety week celebration during the 1st week of March at all sites.
- Organising national road safety awareness programs at Maharashtra and Gujarat sites

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Rajendran Arunachalam, Director (DIN: 08446343) retires by rotation and being eligible offers, himself for re-appointment.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its performance and of its individual Directors.

**Key Managerial Personnel**

During the year, Mr. Navjit Gill resigned from the position of Chief Executive Officer w.e.f. September 19, 2022 and Mr. Ravi Damaraju was appointed as Chief Executive Officer of the Company w.e.f. November 8, 2022.

**Board Meetings**

The Board met ten times during the year under review, on April 26, 2022, May 10, 2022, June 7, 2022, July 11, 2022, July 27, 2022, August 16, 2022, November 8, 2022, December 5, 2022, February 2, 2023, and March 29, 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

b) The Directors have 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 and of the profit and loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions were placed before the Board for approval. During the financial year 2022-23, the Company entered a transaction with a related party that was at arm's length but not in the ordinary course of business, and for such a related party transaction, the approval of the Board of Directors and shareholders were taken in compliance with the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel, or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the financial statements.

The Company has adopted the Related Party Transaction Policy of Thermax Limited, the holding company of the Company, which is applicable to all subsidiaries of Thermax Limited.

**Standalone and Consolidated Financial Statements**

The financial statements for the year ended March 31, 2023, have been prepared as per Schedule III to the Companies Act, 2013, as amended from time to time. The consolidated financial statements of the group are prepared in compliance with the Accounting Standards.

**Maintenance of Cost Records**

The requirement for maintenance of the Cost Records pursuant to Section 148(1) of the Companies Act, 2013, is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind, and associated Renewable energy generation sources for commercial & industrial customers. As a part of its "Build-Green" initiatives, the Company has installed solar powered Robots to clean the solar modules at the Opex projects thus ensuring waterless cleaning.

**Foreign Exchange Earnings and Outgo**

Below are the details of foreign currency earnings and outgo made during the year.

| | |
|---|---|
| Foreign currency earnings | Amt. Rs. 15,191,337.09 |
| Foreign currency outgo | Amt. Rs. 434,068,966.20 |

**Particulars of Employees**

The total number of permanent employees on the rolls of the company as on March 31, 2023, was 52.

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators / Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment to its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and during the year there is no instance of one-time settlement with any Bank or Financial Institution.

**Auditors**

Statutory Auditors

The members of the Company in their Thirteenth Annual General Meeting had appointed M/s. B. K. Khare & Co., Chartered Accountants as Statutory Auditors for the period of five years from the conclusion of the Thirteenth Annual General Meeting until the conclusion of the Eighteenth Annual General Meeting.

However, there was a casual vacancy and M/s Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) were appointed as the Statutory Auditors of the Company for FY 2022-23 in the Fourteenth Annual General Meeting held on July 27, 2022, to fill the casual vacancy caused by the resignation of B.K. Khare & Co, Chartered Accountants until the conclusion of the 15th Annual General Meeting to be held in FY 2023-24.

Secretarial Auditors

In accordance with the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. Amit Jaste & Associates, Company Secretaries, Pune, to undertake the secretarial audit of the Company for FY 2022-23. The Secretarial Audit Report for FY 2022-23 is attached as Annexure 1 to this Report.

The observations of the secretarial auditors in their report are self-explanatory and therefore, the directors do not have any further comments to offer on the same.

The Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimers.

**Annual Return**

The Company shall place an annual return filed with the Registrar of Companies for the financial year 2022-23 on its website: www.feplglobal.com once the same is filed with the Registrar of Companies.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work and support.

**For and on behalf of the Board of Directors of**
**First Energy Private Limited**

**Ashish Bhandari**
**Chairman**

**Pune, May 10, 2023**

**Annexure – 1**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
First Energy Private Limited
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **First Energy 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 31st March, 2023 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(not applicable to the Company during the Audit period)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (not applicable to the Company during the Audit period)

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment; (not applicable to the Company during the Audit period)

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): (Following sub-clauses (a) to (h) are not applicable to the Company during the Audit period as Company continues to be a Unlisted Public Company in its Articles under Section 2(71) of the Act)

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

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

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

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

(vi) Following important specific laws applicable to the Company, as confirmed by the Company:

(i) The Electricity Act, 2003 (ii)The Environment (Protection) Act, 1986 (v) The Contract Labour (Regulation and Abolition), Act 1970

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

(i) Secretarial Standards (SS.1 relating to meetings of Board of Directors & SS.2 relating to General Meetings) issued by the Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except when meetings were called at shorter notice as permitted u/s. 173(3) of the Act and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of Board of Directors or Committee of Board as the case maybe.

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

I further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc; except as follows:

- Special Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 5th January 2023 for increase in borrowing powers of the Board with power/option to convert the borrowed funds into equity.
- Special Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 20th September 2022 for creation of security on the properties of the Company, both present and future, in favour of lenders.
- Special Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 29th March 2023 for Issuance of loan or Corporate Guarantee or providing of Security to the subsidiaries of the Company.
- Ordinary Resolution passed by the Shareholders of the Company at their Extra Ordinary General Meeting held on 29th March 2023 for Increase in Authorized Capital from Rs. 200 Crores to Rs. 325 crores.
- Increase in the Paid Up capital of the Company by allotment of 1.26 crore shares of Rs. 10 each amounting to Rs. 12.60 crores on 7th June 2022 and increase in the Paid Up capital of the Company by allotment of 7.40 crore shares of Rs. 10 each amounting to Rs. 74.00 crores on 16th August 2022
- Company has incorporated various subsidiaries during the year for the purpose of various projects and made substantial investments in those subsidiaries.

For Amit Jaste & Associates Practicing Company Secretaries

**Amit Jaste FCS No.:7289**
**Proprietor CP No.:12234**
Date May 10, 2023
Place: Mumbai
UDIN: F007289E000280201
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.

**Annexure A**

To,
The Members,
First Energy Private Limited
Thermax House, 14, Mumbai Pune Road,
Wakdewadi, Pune MH 411003

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

1) Maintenance of secretarial records 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 representation about the compliance of laws, rules and regulations and happening of events, etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of 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 Amit Jaste & Associates Practicing Company Secretaries

**Amit Jaste FCS No.:7289**
**Proprietor CP No.:12234**

Date May 10, 2023
Place: Mumbai
UDIN: F007289E000280201

# First Energy Private Limited

**INDEPENDENT AUDITOR'S REPORT**

To the Members of First Energy Private Ltd

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

1. We have audited the accompanying standalone financial statements of First Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March, 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditor's responsibilities for the audit of the financial statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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.

**Other Matter**

11. The standalone financial statements of the Company for the year ended March 31, 2022, were audited by another firm of chartered accountants

under the Companies Act, 2013 who, vide their report dated May 10, 2022, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of above matter.

**Report on other legal and regulatory requirements**

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

13. 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.

    (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 Flow dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

    i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements

    ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

    iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 49 to the financial statements);

    (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 49 to the financial statements); and

    (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

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

14. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

15. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/provided any managerial remuneration during the year.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLC5312

Place: Pune
Date: May 11, 2023

# First Energy Private Limited

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 13 (f) of the Independent Auditor's Report of even date to the members of First Energy Private Limited on the standalone financial statements for the year ended March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of First Energy Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLC5312

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of First Energy Private Limited on the standalone financial statements as of and for the year ended March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

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

(d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.

(b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from bank on the basis of security of current assets. As informed to us, the Company is not required to file quarterly returns or statements with such banks and accordingly, the question of our commenting on whether these returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. (a) The Company has made investments in 8 companies, granted unsecured loans to 5 companies, provided security in respect of loans taken by 5 companies. The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries are as per the table given below:

(₹ lakhs)

| | Security | Loans |
|---|---|---|
| Aggregate amount granted/ provided during the year<br>- Subsidiaries | 3,346.98 | 32,529.69 |
| Balance outstanding as a balance sheet date in respect of the above case<br>- Subsidiaries | 3,346.98 | 16,129.69 |

(Also refer Note 14 and 38 to the financial statements)

(b) In respect of the aforesaid investments, securities and loans, the terms and conditions under which such loans were granted/ investments were made/security provided are not prejudicial to the Company's interest.

(c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.

(d) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

(e) Following loans were granted to parties, which has fallen due during the year and were extended. Further, no fresh loans were granted to same parties to settle the existing overdue loans/advances in nature of loan…

| Name of the party | Aggregate amount dues extended | Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year |
|---|---|---|
| First Energy 3 Private Limited | 1,196.35 | 4% |

(f) The loans granted during the year, including to related parties had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues goods and services tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious. The Company is generally regular in depositing undisputed statutory dues in respect of income tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, duty of customs and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs. lakhs) | Period to which the amount relates | Amount paid under protest (Rs.) | Forum where the dispute is pending |
|---|---|---|---|---|---|
| Karnataka Sales Tax Act | Sales tax | 164.82 | FY 2014-15 to FY 2017-18 | 16.89 | Department of Commercial Tax, Bengaluru |

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, except for the loan amounting to Rs. 411.62 lakhs repayable on demand and terms and conditions for payment of interest on it which have not been stipulated, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by 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) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has taken funds from the following entities and persons on account of or to meet the obligations of its subsidiaries as per details below:

| Nature of fund taken | Name of lender | Amount involved (Rs lakhs) | Name of the subsidiary | Relation | Nature of transaction for which fund utilized |
|---|---|---|---|---|---|
| Short term borrowing | Thermax Limited | 90.00 | First Energy TN1 Private Limited | Subsidiary | Working capital requirement |
| Short term borrowing | Thermax Limited | 14,200.00 | First Energy 3 Private Limited | Subsidiary | For Capital expenditure |
| Short term borrowing | Thermax Limited | 12,357.50 | First Energy 4 Private Limited | Subsidiary | For Capital expenditure |
| Short term borrowing | Thermax Limited | 2,610.00 | First Energy 5 Private Limited | Subsidiary | For Capital expenditure |
| Short term borrowing | Thermax Limited | 1,072.18 | First Energy 6 Private Limited | Subsidiary | For Capital expenditure |

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received a whistle-blower complaint during the year, which has been considered by us for any bearing on our audit and reporting under this clause.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.

(xiv) (a) In our opinion and based on our examination, the Company did not have an internal audit system during the year.

(b) The Company is not mandated to have an internal audit system during the year.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has incurred cash losses of Rs. 1,521.60 lakhs in the financial year and had not incurred cash losses in the immediately preceding financial year.

xviii. We noted no issues, objections or concerns raised by the outgoing statutory auditors in their aforesaid letter.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 45 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLC5312

Place: Pune
Date: May 11, 2023

## Standalone Balance Sheet as at March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **I. Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 586.42 | 31.00 |
| Right-of-use assets | 3(b) | 356.62 | 451.72 |
| Other intangible assets | 4 | 34.65 | 14.28 |
| Financial assets | | | |
| (a) Investments | 5 (a) | 10,275.30 | 2,200.00 |
| (b) Finance lease receivable | 37 | 202.06 | - |
| (c) Other financial assets | 6 | 43.41 | 39.62 |
| Deferred tax assets (net) | 7 | - | 36.16 |
| Income tax assets (net) | 8 | 60.65 | 7.35 |
| Other non-current assets | 9 | - | 681.07 |
| **Total non-current assets** | | **11,559.11** | **3,461.20** |
| **II. Current assets** | | | |
| Inventories | 10 | - | 2,882.14 |
| Financial assets | | | |
| (a) Investments | 5 (b) | 37.84 | 35.77 |
| (b) Trade receivables | 11 | 209.68 | 241.22 |
| (c) Cash and cash equivalents | 12 | 1,063.46 | 1,728.52 |
| (d) Bank balances other than (c) above | 13 | 0.94 | 0.89 |
| (e) Finance lease receivable | 37 | 59.04 | - |
| (f) Loans | 14 | 16,129.69 | - |
| (g) Other financial assets | 15 | 809.97 | 351.18 |
| Other current assets | 16 | 752.09 | 1,941.31 |
| **Total current assets** | | **19,062.71** | **7,181.03** |
| **Total assets** | | **30,621.82** | **10,642.23** |
| **Equity and liabilities** | | | |
| **III. Equity** | | | |
| Equity share capital | 17 | 15,340.64 | 3,946.64 |
| Other equity | 18 | (5,128.44) | (651.10) |
| **Total Equity** | | **10,212.20** | **3,295.54** |
| **IV. Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 19 | - | 411.62 |
| Lease Liabilities | 37 | 275.10 | 346.76 |
| Provisions | 20 | 473.56 | 18.77 |
| **Total non-current liabilities** | | **748.66** | **777.15** |
| **V. Current liabilities** | | | |
| Financial liabilities | | | |
| (a) Borrowings | 19 | 17,311.62 | - |
| (b) Lease Liabilities | 37 | 103.30 | 99.56 |
| (c) Trade payables | 22 | | |
| i. Total outstanding dues of micro enterprises and small enterprises | | 88.64 | 191.41 |
| ii. Total outstanding dues of creditors other than micro enterprises and small enterprises | | 242.63 | 4,682.83 |
| (d) Other financial liabilities | 21 | 1,194.13 | 17.52 |
| Provisions | 24 | 45.80 | 12.21 |
| Other current liabilities | 23 | 674.84 | 1,566.01 |
| **Total current liabilities** | | **19,660.96** | **6,569.54** |
| **Total equity and liabilities** | | **30,621.82** | **10,642.23** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

## Standalone Statement of profit and loss for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 25 | 1,551.30 | 2,256.48 |
| Other income | 26 | 531.08 | 397.43 |
| **Total Income (I)** | | **2,082.38** | **2,653.91** |
| **Expenses** | | | |
| Cost of raw materials and components consumed | 27 | 1,127.78 | 2,011.70 |
| Purchase of traded goods | | (2,882.14) | 2,882.14 |
| (Increase) / decrease in inventories of finished goods and traded goods | 28 | 2,882.14 | (2880.50) |
| Employee benefits expense | 29 | 1,232.77 | 289.07 |
| Finance costs | 30 | 627.42 | 9.98 |
| Depreciation, amortisation expense and impairment | 31 | 72.65 | 24.74 |
| Other Expenses | 32 | 613.94 | 215.12 |
| **Total expenses (II)** | | **3,674.56** | **2,552.25** |
| **Profit/(Loss) before tax (I - II)** | | **(1,592.18)** | **101.66** |
| **Tax expense** | | | |
| Current tax | | - | - |
| Deferred tax | 35 | 36.16 | - |
| **Total tax expense** | | **36.16** | **-** |
| **Profit/(Loss) for the year** | | **(1,628.34)** | **101.66** |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement of defined benefit obligations | | 4.75 | - |
| Tax relating to these items | | - | - |
| Total other comprehensive income for the year, net of tax. | | 4.75 | - |
| **Total comprehensive income/ (loss) for the year** | | **(1,623.59)** | **101.66** |
| Basic and Diluted Earning/(loss) per equity share [Nominal value per share Rs. 10/- (March 31, 2022: 10/-)] | 33 | **(1.56)** | **0.54** |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

# First Energy Private Limited

## Standalone Cash flow statement for the period ended March 31, 2023

***(All amounts are in Rupees Lakhs, except stated otherwise)***

| | Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **A)** | **Cash flows used in operating activities** | | |
| | Profit/(Loss) before tax | (1,592.18) | 101.66 |
| | **Adjustments to reconcile profit before tax to net cash flows** | | |
| | Depreciation and amortization expenses | 111.63 | 24.74 |
| | Bad debts written off | - | 14.53 |
| | Interest Expenses | 642.44 | 9.98 |
| | Interest income from investment in Mutual funds/Fair value gain | (40.93) | (3.31) |
| | Loss on sale / discard of assets (net) | - | 21.34 |
| | Net gain on current investments designated at FVPL | (2.07) | (1.40) |
| | Interest Income on loan to subsidiaries | (485.20) | - |
| | Waiver of Interest given by Holding Company | - | (337.68) |
| | **Working capital adjustments** | | |
| | (Increase)/Decrease in trade receivables | 31.54 | (222.21) |
| | (Increase) / Decrease in Inventories | 2,882.14 | (2,879.21) |
| | (Increase) in other financial assets | (459.84) | (1,956.09) |
| | (Increase) / Decrease in other assets | 1,985.29 | (953.70) |
| | Increase / (Decrease) in trade payables | (4,542.97) | 4,791.17 |
| | Increase in provisions | 493.13 | 5.40 |
| | Increase in other financial liabilities | 89.28 | 1,275.90 |
| | (Decrease) in other current liabilities | (891.17) | - |
| | **Cash used in operations** | **(1,778.91)** | **(108.88)** |
| | Income taxes paid (net of refunds received) | (53.30) | 2.56 |
| | **Net cash used in operating activities** | **(1,832.21)** | **(106.32)** |
| **B)** | **Cash flows used in investing activities** | | |
| | Payments for property, plant and equipment | (43.05) | (42.61) |
| | Payments for intangible assets | (27.27) | - |
| | Fixed Deposits with Banks placed | (0.05) | (0.95) |
| | Investment in subsidiaries companies | (8,649.30) | (2,200.00) |
| | Sale of shares of subsidiary company | 576.00 | - |
| | Acquisition of subsidary companies (refer note 41) | (2.00) | - |
| | Interest income received | 523.39 | 3.31 |
| | Loan to subsidiaries | (32,529.69) | - |
| | Repayment of loans by subsidiaries | 16,400.00 | - |
| | **Net cash flows used in investing activities** | **(23,751.97)** | **(2,240.25)** |
| **C)** | **Cash flows from financing activities** | | |
| | Proceeds from issue of Equity Instruments | 8,644.00 | 2,600.00 |
| | Share application money received | - | 2,750.00 |
| | Proceeds from borrowings | 38,468.43 | - |
| | Repayment of borrowings | (21,568.43) | (1,200.00) |
| | Principal elements of lease payments | (67.92) | (29.18) |
| | Interest paid | (453.21) | (9.98) |
| | Cost related to issue of Own Equity Instruments | (103.75) | (143.68) |
| | **Net cash flows from financing activities** | **24,919.12** | **3,967.16** |
| | **Net increase /(decrease) in cash and cash equivalents** | **(665.06)** | **1,620.59** |
| | Cash and cash equivalents at the beginning of the year | 1,728.52 | 107.93 |
| | **Cash and cash equivalents at the end of the year** | **1,063.46** | **1,728.52** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| Cash and cash equivalents (Note 12) | 1,063.46 | 1,728.52 |
| Book overdraft | - | - |
| **Balances as per Cash flow statement** | **1,063.46** | **1,728.52** |

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

## Statement of changes in Equity for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**A Equity Share Capital**

| | Notes | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the year | 17 | 3,946.64 | 1,346.64 |
| Changes in equity shares capital during the year | 17 | 11,394.00 | 2,600.00 |
| **Balance at the end of the year** | **17** | **15,340.64** | **3,946.64** |

**B Other Equity**

| Particulars | Reserves & Surplus | | | Share Application Money | Equity component of Compound Financial Instruments | Total Equity |
|---|---|---|---|---|---|---|
| | Retained Earnings | Securities Premium | Total | | | |
| **As at April 1, 2021** | **(4,813.44)** | **1,171.48** | **(3,641.96)** | **-** | **246.72** | **(3,395.24)** |
| Profit for the year | 101.66 | - | 101.66 | - | - | 101.66 |
| Other Comprehensive Income | - | - | - | - | - | - |
| **Total Comprehensive Income** | **101.66** | **-** | **101.66** | **-** | **-** | **101.66** |
| Cost related to issue of Own Equity Instruments | - | (107.52) | (107.52) | - | - | (107.52) |
| Share application money received for allotment of shares | - | - | - | 5,350.00 | - | 5,350.00 |
| Shares allotted against the share application money received | - | - | - | (2,600.00) | - | (2,600.00) |
| **As at March 31, 2022** | **(4,711.78)** | **1,063.96** | **(3,647.82)** | **2,750.00** | **246.72** | **(651.10)** |
| Loss for the year | (1628.34) | - | (1628.34) | - | - | (1,628.34) |
| Other Comprehensive Income | 4.75 | - | 4.75 | - | - | 4.75 |
| **Total Comprehensive Income** | **(1,623.59)** | **-** | **(1,623.59)** | **-** | **-** | **(1,623.59)** |
| Share application money received for allotment of shares | - | - | - | 8,644.00 | - | 8,644.00 |
| Shares allotted against the share application money received | - | - | - | (11,394.00) | - | (11,394.00) |
| Cost related to issue of Own Equity Instruments | - | (103.75) | (103.75) | - | - | (103.75) |
| **As at March 31, 2023** | **(6,335.37)** | **960.21** | **(5,375.16)** | **-** | **246.72** | **(5,128.44)** |

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

## 1. Corporate information

First Energy Private Limited ("the Company") is primarily involved in providing behind the meter solutions like supply of solar power generating systems and related services.

The Company is a private limited company incorporated and domiciled in India. The address of its registered office is 14, Thermax House, Old Mumbai-Pune Highway, Wakdewadi Pune - 411003, India. The Board of Directors have authorized to issue these standalone financial statements on May 09, 2023. The CIN of the company is U40200PN2008FTC139032.

## 2. Summary of Significant accounting policies

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

### 2.1. Basis of preparation and measurement

#### (a) Basis of preparation

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the standalone financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the standalone financial statements are disclosed in note 2.3.

The accounting policies adopted for preparation and presentation of these standalone financial statements have been consistently applied.

#### (b) Historical cost convention

The standalone financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 2.2 Summary of significant accounting policies

#### a. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Standalone Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.3)
- Quantitative disclosures of fair value measurement hierarchy (note 43)
- Financial instruments (including those carried at amortized cost) (note 44)

**Notes to the standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment | 10 to 25 | 15 to 20 |
| Office equipment | 15 | 15 |
| Furniture and fixtures | 15 | 10 |
| Computers and data processing units | 4 to 6 | 3 to 6 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Inventories**

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories

**f. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.3.

The Company has the following streams of revenue:

- **Revenue from Engineering, Procurement and Construction contracts**

Engineering, Procurement and Construction (EPC) contracts are contracts (or a Company of contracts secured together) specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company may promise to provide distinct goods or services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date.

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated profits, are recorded proportionally as costs are incurred.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately.

Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

- ***Revenue from Sale of services***

Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized on a time proportion basis under the contracts.

**Contract balances**

**Contract assets:** The contract assets relate to unbilled work in progress. If the Company satisfies performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

***iii. Rental income***

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

**g. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

**Derecognition**

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**h. Derivative financial instruments**

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its exposure to foreign exchange. Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

**i. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**j. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

**Cost for issuance of equity instruments:**

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**k. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

**l. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**m. Leases**

***Company as a lessee***

The Company lease asset classes primarily consist of office buildings and leasehold lands. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company 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.

***Company as a lessee***

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**n. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**o. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**p. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The liabilities for Other long-term employee benefits such as privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Standalone Statement of Profit and Loss. The Company does not have an unconditional right to defer settlement for any of these obligations and therefore have been classified as current liability. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within twelve months.

Provision for Long term incentive is calculated using the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost.

**q. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the First Energy Private Limited has been identified as the chief operating decision maker of the Company.

**r. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**s. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**t. Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the

- fair value of assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests inssued by the Company

- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognises any noncontrolling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets.

**u. Rounding of amounts:**

Amounts disclosed in the standalone financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.3.1. Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the standalone financial statements:

**i. Revenue from contracts with customers**

A significant revenue of the Company's business relates to EPC contracts which is accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant judgements of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

**ii. Ind AS 116 – Leases**

In determining whether revenue contract (power purchase agreement) with customer especially when entire contractual capacity of one project (solar / wind project) is committed to one customer, management exercises judgement in concluding whether contract contains lease. Management takes into consideration who is responsible for design of the project and who has right to direct the use of solar plant.

**iii. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**2.3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. EPC contracts:**

**Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings and accrued contract expenses.

**ii. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**iii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

**iv. Long term incentives**

The provision for long term incentives is recognized considering the estimated payout expected by the Company at present value using projected unit credit method. These include the determination of the discount rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the long term incentives.

**v. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**vi. Useful lives of property, plant and equipment and intangible assets**

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**vii. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**3 (a) Property, Plant and Equipment**

| Particulars | Buildings | Plant and equipment | Office Equipment | Computer | Furniture and Fixtures | Total |
|---|---|---|---|---|---|---|
| **Gross carrying amount as at March 31, 2021** | **10.33** | **641.30** | **12.50** | **67.98** | **23.96** | **756.07** |
| Additions | - | - | 4.62 | 25.87 | 1.01 | 31.50 |
| Disposals / Adjustment | 10.33 | 641.30 | 12.50 | 67.98 | 23.96 | 756.07 |
| **Gross carrying amount as at March 31, 2022** | **-** | **-** | **4.62** | **25.87** | **1.01** | **31.50** |
| Additions (refer note below) | - | 541.93 | 0.61 | 22.31 | 0.20 | 565.05 |
| **Gross carrying amount as at March 31, 2023** | **-** | **541.93** | **5.23** | **48.18** | **1.21** | **596.55** |
| **Closing accumulated depreciation as at March 31, 2021** | **10.33** | **616.34** | **12.50** | **67.98** | **23.96** | **731.11** |
| Charge for the year | - | - | 0.04 | 0.45 | 0.01 | 0.50 |
| Disposals / Adjustment | 10.33 | 616.34 | 12.50 | 67.98 | 23.96 | 731.11 |
| **Closing accumulated depreciation as at March 31, 2022** | **-** | **-** | **0.04** | **0.45** | **0.01** | **0.50** |
| Charge for the year | - | - | 0.32 | 9.24 | 0.07 | 9.63 |
| **Closing accumulated depreciation as at March 31, 2023** | **-** | **-** | **0.36** | **9.69** | **0.08** | **10.13** |
| **Net carrying amount as on March 31, 2023** | **-** | **541.93** | **4.87** | **38.49** | **1.13** | **586.42** |
| **Net carrying amount as on March 31, 2022** | **-** | **-** | **4.58** | **25.42** | **1.00** | **31.00** |

**Asset Acquistion**

During the year, the Company acquired solar plants from the fellow subsidiary for consideration of Rs. 782.90 lakhs. The aforesaid acquisition is not considered as business combination as it does not meet the definition of "business" given in Ind AS 103 – Business Combinations. The Company has recognised assets and liabilities acquired at their relative fair value as below, also refer note 40.

**Net amount of Assets and Liabilities acquired**

| Particulars | Amount |
|---|---|
| **Assets** | |
| Solar plant | 541.93 |
| Finance lease receivable | 261.10 |
| **Total assets acquired** | **803.03** |
| **Liabilties** | |
| Security deposit of customer | 20.13 |
| **Total Liabilities Assumed** | **20.13** |
| **Net Assets Acquired** | **782.90** |

## Notes to standalone financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### 3 (b) Right- of- use assets

| Particulars | Buildings | Total |
|---|---|---|
| **Gross carrying amount as at April 1, 2021** | - | - |
| Additions | 475.50 | 475.50 |
| Disposals/ Transfers/ Adjustment | - | - |
| **Gross carrying amount as at March 31, 2022** | **475.50** | **475.50** |
| Additions | - | - |
| Disposals/ Transfers/ Adjustments | - | - |
| **Gross carrying amount as at March 31, 2023** | **475.50** | **475.50** |
| **Accumulated depreciation as at April 1, 2021** | **-** | **-** |
| Charge for the year | 23.78 | 23.78 |
| Disposals/ Transfers/ Adjustments | - | - |
| **Accumulated depreciation as at March 31, 2022** | **23.78** | **23.78** |
| Charge for the year | 95.10 | 95.10 |
| Disposals/ Transfers/ Adjustments | - | - |
| **Closing accumulated depreciation as at March 31, 2023** | **118.88** | **118.88** |
| **Net carrying amount as on March 31, 2023** | **356.62** | **356.62** |
| **Net carrying amount as on March 31, 2022** | **451.72** | **451.72** |

The Company has taken certain assets on lease which has been accounted in accordance with Ind AS 116-Leases under right of use assets. Refer note 37 for further disclosure on leases.

### 4 Intangible Assets

| Particulars | Computer Software | Total |
|---|---|---|
| **Gross carrying amount as on March 31, 2021** | - | - |
| Additions | 14.75 | 14.75 |
| Disposals/Adjustments | - | - |
| **Gross carrying amount as on March 31, 2022** | **14.75** | **14.75** |
| Additions | 27.27 | 27.27 |
| Disposals/Adjustments | - | - |
| **Gross carrying amount as on March 31, 2023** | **42.02** | **42.02** |
| **Closing accumulated amortisation as at March 31, 2021** | **-** | **-** |
| Amortisation charge for the year | 0.47 | 0.47 |
| Disposals | - | - |
| **Closing accumulated amortisation as at Mar 31, 2022** | **0.47** | **0.47** |
| Amortisation charge for the year | 6.90 | 6.90 |
| Disposals | - | - |
| **Closing accumulated amortisation as at March 31, 2023** | **7.37** | **7.37** |
| **Net Block March 31, 2023** | **34.65** | **34.65** |
| **Net Block March 31, 2022** | **14.28** | **14.28** |

### 5 (a) Current Investments

| Particulars | Face value per unit | Number of units | | Amount | |
|---|---|---|---|---|---|
| | | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Investments in equity instruments (fully paid up)** | | | | | |
| **Investments valued at cost** | | | | | |
| **Equity shares in Subsidiaries (Unquoted)** | | | | | |
| First Energy TN 1 Private Limited* (30% shares pledged as security in respect of the term loan availed by First Energy TN 1 Private Limited in current year) | Rs. 10 | 16,240,000 | 22,000,000 | 1,624.00 | 2,200.00 |
| First Energy 2 Private Limited* (51% shares pledged as security in respect of the term loan availed by First Energy 2 Private Limited in current year) | Rs. 10 | 8,535,006 | - | 853.50 | - |
| First Energy 3 Private Limited* (30% shares pledged as security in respect of the term loan availed by First Energy 3 Private Limited in current year) | Rs. 10 | 73,850,000 | - | 7,385.00 | - |
| Jalansar Wind Energy Private Limited* (51% shares pledged as security in respect of the term loan availed by Jalansar Wind Energy Private Limited in current year) | Rs. 10 | 1,639,000 | - | 163.90 | - |
| Kanakal Wind Energy Private Limited* (51% shares pledged as security in respect of the term loan availed by Kanakal Wind Energy Private Limited in current year) | Rs. 10 | 2,459,000 | - | 245.90 | - |
| First Energy 4 Private Limited | Rs. 10 | 10,000 | - | 1.00 | - |
| First Energy 5 Private Limited | Rs. 10 | 10,000 | - | 1.00 | - |
| First Energy 6 Private Limited | Rs. 10 | 10,000 | - | 1.00 | - |
| **Total value of investments (A)** | | | | **0,275.30** | **2,200.00** |
| Less: Impairment in value of investments | | | | - | - |
| **Total non-current investments** | | | | **10,275.30** | **2,200.00** |
| Aggregate amount of quoted investments | | | | - | - |
| Aggregate amount of unquoted investments | | | | 10,275.30 | 2,200.00 |
| Aggregate amount of impairment in the value of investments | | | | - | - |

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

*The Company has written put options over the remaining equity interest in these subsidiaries. Based on the analysis of the terms of the agreement, the shares over which the put options have been written do not meet the definition of an "underlying" as per Ind AS 109 and therefore these put options have not been accounted for as a derivative contract.

**5 (b) Current investments**

| Particulars | Face value per unit | Number of units March 31, 2023 | Number of units March 31, 2022 | Amount March 31, 2023 | Amount March 31, 2022 |
|---|---|---|---|---|---|
| **Investments in Mutual Funds :** | | | | | |
| **Investments at Fair value through Profit and Loss** | | | | | |
| Aditya Birla Sun Life Money Manager Fund Growth- Regular | Rs. 10 | 11,967 | 11,967 | 37.84 | 35.77 |
| **Total current investments** | | | | **37.84** | **35.77** |
| Aggregate amount of quoted investments and market value thereof | | | | - | - |
| Aggregate amount of unquoted investments | | | | 37.84 | 35.77 |
| Aggregate amount of impairment in the value of investments | | | | - | - |

Investments at fair value through profit or loss reflect investment in unquoted equity and debt securities. Refer note 43 for determination of their fair values.

**6 Other non current financial assets**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **At Amortized Cost** | | |
| Security deposits | 43.41 | 39.62 |
| **Total** | **43.41** | **39.62** |

**7 Deferred tax assets (net)**

Deferred tax assets amounting to Rs.1,304.55 lakhs (March 31, 2022 - Rs. 994.71 lakhs) have not been recognised in respect of following items, because it is not probable that future profit will be available against which the Company can use the benefits therefrom.

| Particulars | Expiry date (Year ending March 31) | As at March 31, 2023: As of March 31, 2023 | As at March 31, 2023: As of March 31, 2022 Tax impact | As at March 31, 2022: As of March 31, 2022 | As at March 31, 2022: As of March 31, 2022 Tax impact |
|---|---|---|---|---|---|
| Tax losses | 2024 | 361.41 | 90.97 | 361.41 | 90.97 |
| | 2025 | 398.48 | 100.30 | 398.48 | 100.30 |
| | 2027 | 152.42 | 38.36 | 152.42 | 38.36 |
| | 2030 | 209.12 | 52.64 | 209.12 | 52.64 |
| | 2031 | 1,090.27 | 274.42 | - | - |
| **Total Tax Losses** | | **2,211.70** | **556.69** | **1,121.43** | **282.27** |
| Unabsorbed depreciation | No expiry period | 2,206.91 | 555.48 | 2,123.85 | 534.57 |
| Employee benefit expenses | | 88.52 | 22.28 | 30.98 | 7.80 |
| Capital Loss | 2030 | 810.00 | 170.10 | 810.00 | 170.10 |
| **Total** | | **5,317.13** | **1,304.55** | **4,086.26** | **994.74** |

**8 Income tax assets (net)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Income tax assets (net) | 60.65 | 7.35 |
| **Total** | **60.65** | **7.35** |

**9 Other non-current assets**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance with government authorities | - | 681.07 |
| **Total** | **-** | **681.07** |

There were no advances due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which ay director is a partner or a member

**10 Inventories**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Valued at lower of cost and net realizable value** | | |
| Traded goods | - | 2,882.14 |
| **Total** | **-** | **2,882.14** |

**11 Trade receivables**

**Current trade receivables**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables from: | | |
| Billed | | |
| i) Related parties (note 40) | 92.42 | 81.98 |
| ii) Others | 117.26 | 159.24 |
| **Total** | **209.68** | **241.22** |
| **Sub-classification of trade receivables** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 209.68 | 241.22 |
| Trade receivables which have a significant increase in credit risk | - | - |
| Trade receivables- credit impaired | - | - |
| | **209.68** | **241.22** |
| Less: impairment allowance | **-** | **-** |
| **Total** | **209.68** | **241.22** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**The ageing of trade receivables**

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade Receivables- considered good | 125.33 | - | 84.35 | - | - | - | - | **209.68** |
| (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 | - | - | - | - | - | - | - | **-** |
| Less: impairment allowance | - | - | - | - | - | - | - | - |
| **Total** | **125.33** | **-** | **84.35** | **-** | **-** | **-** | **-** | **209.68** |

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | | | |
| (i) Undisputed Trade Receivables- considered good | 241.22 | - | - | - | - | - | - | 241.22 |
| (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 | - | - | - | - | - | - | - | - |
| | **241.22** | **-** | **-** | **-** | **-** | **-** | **-** | **241.22** |
| Less: impairment allowance | - | - | - | - | - | - | - | - |
| **Total** | **241.22** | **-** | **-** | **-** | **-** | **-** | **-** | **241.22** |

**12 Cash and cash equivalents**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| - in current accounts | 169.47 | 178.52 |
| - in deposits with original maturity of less than three months | 893.99 | 1,550.00 |
| **Total** | **1,063.46** | **1,728.52** |

**13 Other bank balances**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits with original maturity of more than 3 months but less than 12 months | 0.94 | 0.89 |
| **Total** | **0.94** | **0.89** |

**14 Loans**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Loan to subsidiaries (Refer note 38 and 40) | 16,129.69 | - |
| **Total** | **16,129.69** | **-** |

**15 Other financial assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest accrued on fixed deposits | 4.18 | 1.44 |
| Other receivables from group companies | 785.75 | 329.70 |
| Others | 20.04 | 20.04 |
| **Total** | **809.97** | **351.18** |

**16 Other current assets**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unsecured considered good | | |
| Advance to supplier | 66.63 | 16.69 |
| Unbilled revenue (Contract Assets) | 500.49 | 1,924.62 |
| Prepaid Expenses | 10.50 | - |
| Balances with government authorities | 174.47 | - |
| **Total** | **752.09** | **1,941.31** |

There were no advances due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which ay director is a partner or a member

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

## 17 Equity share capital

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorized shares** | | |
| 325,000,000 (Previous year 200,000,000) equity shares of Rs. 10/- each. | 32,500.00 | 20,000.00 |
| | 32,500.00 | 20,000.00 |
| **Issued, subscribed and fully paid share capital** | | |
| 153,406,365 (Previous year 39,466,365) equity shares of Rs. 10/- each. | 15,340.64 | 3,946.64 |
| **Total issued, subscribed and fully paid-up share capital** | **15,340.64** | **3,946.64** |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Particulars | No. of shares | Amount |
|---|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | | |
| As at April 1, 2021 | 13,466,365 | 1,346.64 |
| Changes during the year | 26,000,000 | 2,600.00 |
| As at March 31, 2022 | 39,466,365 | 3,946.64 |
| Changes during the year | 113,940,000 | 11,394.00 |
| **At March 31, 2023** | **153,406,365** | **15,340.64** |

**(b) Terms/ rights 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 of the Company 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.

**(c) Equity shares held by ultimate holding / holding company**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Holding company** | | |
| **Thermax Limited** | | |
| 153,406,359 (Previous year: 39,466,359) equity shares of Rs. 10/- each fully paid | 15,340.64 | 3,946.64 |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | % Change during the Year |
|---|---|---|---|
| **Thermax Limited, India (Promoter)** | | | |
| % Holding | 100.00% | 100.00% | 0.00% |
| No. of shares | 153,406,359 | 39,466,359 | |

**(e) Details of shareholding of promoters:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | % Change during the Year |
|---|---|---|---|
| **(i) Thermax Limited, India** | | | |
| % Holding | 100.00% | 100.00% | 0.00% |
| No. of shares | 153,406,359 | 39,466,359 | |

**(f)** There were no buy back of shares/issue of shares for consideration other than cash during the period of five years immediately preceding the reporting date.

## 18 Other equity

| | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **A** | **Securities premium account** | | |
| | Opening balance | 1,063.96 | 1,171.48 |
| | Less: Cost related to issue of Own Equity Instruments | (103.75) | (107.52) |
| | Net Secutrities premium at the end of the period | **960.21** | **1,063.96** |
| **B** | **Retained earnings** | | |
| | Opening balance | (4,711.78) | (4,813.44) |
| | Add: Profit/(Loss) for the year | (1,628.34) | 101.66 |
| | Add: Other Comprehensive Income for the year | 4.75 | - |
| | | **(6,335.37)** | **(4,711.78)** |
| **C** | **Share Application money** | | |
| | Opening balance | 2,750.00 | - |
| | Add: Addition during the year | 8,644.00 | 5,350.00 |
| | Less: Share allotment during the year | (11,394.00) | (2,600.00) |
| | **Balance at the end of the year** | **-** | **2,750.00** |
| **D** | **Equity component of compound financial instrument** | 246.72 | 246.72 |
| | **Total** | **(5,128.44)** | **(651.10)** |

## 19 Borrowings

**(a) Non-current borrowings**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured** | | |
| Loan from holding Company | - | 411.62 |
| **Total** | **-** | **411.62** |

**(b) Current borrowings**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured** | | |
| Loan from holding Company | 17,311.62 | - |
| **Total** | **17,311.62** | **-** |

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| **Unsecured** | | | | |
| **From related parties** | | | | |
| Loan from holding company | Various | Repayment in one or multiple tranches within 6 months | 8.00% - 8.45% | 16,900.00 |

**Net debt reconciliation**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash and cash equivalents | 1,063.46 | 1,728.52 |
| Other bank balances | 0.94 | 0.89 |
| Borrowings | (17,311.62) | (411.62) |
| Interest accrued | (189.23) | - |
| Lease liabilities | (378.40) | (446.32) |
| **Net debt** | **(16,814.85)** | **871.47** |

| Particulars | Other assets | | Liabilities from financing activities | | Total |
|---|---|---|---|---|---|
| | Cash & cash equivalents | Other Bank Balance | Borrowings | Lease Liability | |
| Net debt as at March 31, 2021 | 107.93 | 0.83 | (1,949.30) | - | (1,840.54) |
| Addition to lease | - | - | - | (475.50) | (475.50) |
| Cash flows | 1,620.59 | 0.06 | 1,200.00 | 29.18 | 2,849.83 |
| Interest expenses | - | - | - | (9.98) | (9.98) |
| Other non cash movement | - | - | - | 9.98 | 9.98 |
| Other non cash movement | - | - | 337.68 | - | 337.68 |
| **Net debt as at March 31, 2022** | **1,728.52** | **0.89** | **(411.62)** | **(446.32)** | **871.47** |
| Cash flows | (665.06) | 0.05 | (16,900.00) | 67.92 | (17,497.09) |
| Interest expenses | - | - | (512.02) | (36.61) | (548.63) |
| **Interest paid** | **-** | **-** | **322.79** | **36.61** | **359.40** |
| **Net debt as at March 31, 2023** | **1,063.46** | **0.94** | **(17,500.85)** | **(378.40)** | **(16,814.85)** |

## 20 Non-current provisions

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for gratuity (Refer note 39) | 45.72 | 18.77 |
| Payable to Employees (Refer note 39) | 427.84 | - |
| **Total** | **473.56** | **18.77** |

## 21 Other financial liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments at fair value through profit or loss** | | |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | - | 2.53 |
| Interest accrued but not due on loans | 189.23 | - |
| Capital Creditors | 898.10 | - |
| Security Deposits from Customers | 20.13 | - |
| Employee related payables | 86.67 | 14.99 |
| | **1,194.13** | **17.52** |

## 22 Trade payables

**Current trade payables**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Total outstanding dues of micro and small enterprises | 88.64 | 191.41 |
| Total outstanding dues of creditors other than micro and small enterprises | | |
| (i) Related parties (note 40) | 165.05 | 43.94 |
| (ii) Others | 77.58 | 4,638.89 |
| **Total** | **331.27** | **4,874.24** |

**Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.**

| | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| | - Principal amount outstanding (whether due or not) to micro and small enterprises* | 88.64 | 191.41 |
| | - Interest due thereon | - | - |
| ii) | The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| iii) | The amount of payment made to the supplier beyond the appointed day during the year | - | - |
| iv) | 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 the MSMED Act, 2006 | - | - |
| v) | The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

*Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.

## Notes to standalone financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | |
| (i) Micro and Small Enterprises | 88.64 | - | - | - | - | - | **88.64** |
| (ii) Others | 10.24 | 33.41 | 198.98 | - | - | - | **242.63** |
| (iii) Disputed dues- Micro and Small Enterprises | | - | - | - | - | - | **-** |
| (iii) Disputed dues- Others | | - | - | - | - | - | **-** |

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | | |
| (i) MSME | 191.41 | - | - | - | - | - | **191.41** |
| (ii) Others | 4,682.83 | - | - | - | - | - | **4,682.83** |
| (iii) Disputed dues- MSME | - | - | - | - | - | - | **-** |
| (iv) Disputed dues- Others | - | - | - | - | - | - | **-** |

### 23 Other Current liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Customer advance | 374.48 | 1,533.20 |
| Statutory dues* | 299.93 | 32.81 |
| Unearned Revenue | 0.43 | - |
| **Total** | **674.84** | **1,566.01** |

* mainly includes tax deducted at source, provident fund, GST etc.

### 24 Current provisions

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity ( Refer note 39) | 3.22 | 1.92 |
| Provision for leave encashment | 39.58 | 10.29 |
| Provision for onerous contract | 3.00 | - |
| **Total** | **45.80** | **12.21** |

### 25 Revenue from operations (net)

**(a) Revenue from contracts with customers**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Revenue from projects and products | 1,509.08 | 2,229.68 |
| Revenue from services | 35.01 | - |
| **Total** | **1,544.09** | **2,229.68** |

**(b) Other operating revenue**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sale of scrap | 4.68 | 18.80 |
| Gain on sale of Stoves/Boilers | - | 1.00 |
| Exchange fluctuation gain (net) | 2.53 | 7.00 |
| **Total** | **7.21** | **26.80** |
| **Revenue from operations** | **1,551.30** | **2,256.48** |

**(c) Disclosure pursuant to IND AS 115: Revenue from contracts with cutomers**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **i) Revenue by category of contracts:** | | |
| Over a period of time basis | 1,546.62 | 2,229.68 |
| At a point-in-time basis | 4.68 | - |
| **Total revenue from contracts with customers** | **1,551.30** | **2,229.68** |
| **ii) Revenue by geographical market:** | | |
| Within India | 1,431.20 | 2,229.68 |
| Outside India | 120.10 | - |
| **Total revenue from contracts with customers** | **1,551.30** | **2,229.68** |

**iii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables (Refer note 11) | 209.68 | 241.22 |
| Unbilled revenue (Refer note 16) | 500.49 | 1,924.62 |
| Unearned revenue (Refer Note 23) | 0.43 | - |
| Customer advances (Refer Note 23) | 374.48 | 1,533.20 |

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash positions on specific projects.

Contract assets have decreased as the group has provided fewer products and services ahead of the agreed payment schedules for fixed-price contracts. Contract liabilities have decreased as the group has received fewer advance against the future products and services to be provided.

**iv) Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the year:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Customer advance | 1,533.20 | - |

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**(v) Remaining performance obligations:**

The Company applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

**vi) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

There is no significant difference between revenue recognised in Statement of profit and loss and contract price.

### 26 Other income

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Net gain on current investments designated at fair value through profit or loss (FVPL) | 3.48 | 1.40 |
| Interest Income on loan to subsidiaries | 485.20 | - |
| Interest Income on bank deposits | 40.93 | 3.31 |
| Miscellaneous income* | 1.47 | 392.72 |
| **Total** | **531.08** | **397.43** |

* Includes waiver of interest by Holding Company of Rs. Nil (March 31, 2022 - Rs. 337.68) on account of redemption of preference shares.

### 27 Cost of raw material and components consumed

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | - | 1.29 |
| Add: Purchases | 1,127.78 | 2,010.41 |
| Inventories at the end of the year | - | - |
| **Total** | **1,127.78** | **2,011.70** |

### 28 (Increase) / decrease in inventories of finished goods and traded goods

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | | |
| Finished goods | - | 1.64 |
| Traded goods* | 2,882.14 | - |
| | **2,882.14** | **1.64** |
| Less: inventories at the end of the year | | |
| Traded goods | - | 2,882.14 |
| | **-** | **2,882.14** |
| **Total** | **2,882.14** | **(2,880.50)** |

*This relates to transfer of goods at cost to the subsidiary company which were purchased in the previous year, also refer note 40.

### 29 Employee benefits expense

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Salaries and wages | 1,364.37 | 271.02 |
| Contribution to provident and other funds | 64.73 | 12.21 |
| Gratuity expense ( Refer note 39) | 39.81 | 0.66 |
| Staff welfare expenses | 21.79 | 5.18 |
| Less: expenses recovered from group companies | 257.93 | - |
| | **1,232.77** | **289.07** |

### 30 Finance costs

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Interest expense | 512.02 | - |
| Lease Liability | 36.61 | 9.98 |
| Others | 93.81 | - |
| Less: expenses recovered from group companies | 15.02 | - |
| | **627.42** | **9.98** |

### 31 Depreciation, amortization expense and impairment

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment | 9.63 | 0.49 |
| Depreciation of right-of-use assets | 95.10 | 23.78 |
| Amortization of intangible assets | 6.90 | 0.47 |
| Less: expenses recovered from group companies | 38.98 | - |
| | **72.65** | **24.74** |

### 32 Other expenses

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Freight and forwarding charges (net) | - | 0.48 |
| Site expenses and Contract labour charges | 197.08 | 4.88 |
| Travelling and conveyance | 31.17 | 25.16 |
| Rent | - | 0.67 |
| Rates and taxes | 74.61 | 0.38 |
| Legal and professional fees (including payment to auditors, refer note 34) | 114.92 | 4.69 |
| Communication expenses | 4.90 | 0.53 |
| Advertisement and sales promotion | 11.14 | 11.60 |
| Repairs and maintenance | | |
| Boiler and Stove | - | 1.16 |
| Plant and machinery | - | 0.65 |
| Buildings | 0.28 | - |
| Others | 69.60 | 2.39 |
| Bad debts written off | - | 14.53 |
| Power and fuel | 8.04 | 0.90 |
| Insurance | 19.83 | 1.13 |
| Loss on sale / discard of assets (net) | - | 21.34 |
| Printing and stationery | 1.28 | 1.25 |
| Office expenses | - | 2.38 |
| Recruitement Expenses | 16.05 | 108.30 |
| Miscellaneous expenses (includes bank charges, commission & brokerage etc.) | 132.42 | 12.70 |
| Less: expenses recovered from group companies | 67.38 | - |
| | **613.94** | **215.12** |

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**33 Earnings / (loss) per share**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Net profit/(loss) attributable to the Equity shareholders of the Company | (1,628.34) | 101.66 |
| Weighted average number of Equity shares of Rs.10/- each | 104,302,584 | 18,864,995 |
| **Basic and Diluted Earnings / (Loss) per share** | **(1.56)** | **0.54** |

**34 Payment to auditors**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **As auditor** | | |
| Statutory audit | 12.00 | 4.00 |
| Tax audit | - | 0.75 |
| Others | 6.90 | - |
| **Total** | **18.90** | **4.75** |

**35 Tax expenses**

The income tax expense consists of following:

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Current tax expense | - | - |
| Deferred tax (benefit) / charge | 36.16 | - |
| **Total** | **36.16** | **-** |

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Profit / (loss) before tax | (1,592.18) | 101.66 |
| Indian statutory income tax rate | 25.17% | 25.17% |
| Expected tax expense | (400.75) | 25.59 |
| Deferred tax assets not recognised on losses and depreciation | 400.75 | - |
| Previously recognised deferred tax assets written off | 36.16 | - |
| **Total tax expense** | **36.16** | **-** |

**36 Contingent Liabilities and commitments**

**Contingent liabilities**

**Others**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Claims against the Company not acknowledged as debt* | 265.00 | - |

*Claims against the Company not acknowledged as debt on account of ongoing arbitration/ legal dispute with one of the vendors of the Company. Based on the legal opinion on the matter and management's assessments of the facts of the case, no provision is required to be made for the matter. Pending resolution of the matter, it is not practicable to estimate the timing of cash outflows, if any.

**37 Leasing Arrangements**

**Where the Company is lessor**

**a) Amounts receivable under Finance lease -**

The Company has entered into certain arrangements with its customers where the Company will supply electricity by installing solar power generating system at their customers' premises. The Company has determined, that fulfilment of these arrangements is dependent on the use of a specific asset and the arrangement conveys a right to use these specific asset to the customers. Accordingly, these arrangements qualify as arrangements in the form of lease as specified in Ind-AS 116. Based on the evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets, the fair value of the asset and that it has transferred the significant risks and rewards in these assets to the customers, these lease arrangements have been classified as finance leases.

| Particulars | Gross Investment in lease | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Within one year | 66.51 | - | 59.04 | - |
| After one year but not more than five years | 248.18 | - | 136.12 | - |
| More than five years | 297.30 | - | 65.94 | - |
| | **611.99** | **-** | **261.10** | **-** |
| Less: Unearned finance income | 350.89 | - | - | - |
| Present value of minimum lease payments receivable | 261.10 | - | 261.10 | - |
| Allowance for uncollectible lease payments | - | - | - | - |

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current portion of finance lease receivables | 59.04 | - |
| Non-current portion of finance lease receivables | 202.06 | - |

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Estimated unguaranteed residual value of assets under finance lease | - | - |
| Contingent rent recognised as income during the year | - | - |
| Interest rate inherent in the lease per annum | 16.38% - 28.19% | - |

**(b) Operating Lease**

The Company has leased a solar power generating system. The tenure of lease agreement is 15 years.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease received for the year | - | - |

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Future minimum lease rental receivables under non-cancellable operating leases are as follows:** | | |
| Within one year | - | - |
| After one year but not more than five years | - | - |
| More than five years | - | - |

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**(c) Operating lease: Company as lessee**

The Company has taken office building for a tenure of 5 years, and has extension option for as per mutual consent. There are no variable lease payments and residual value guarantees for these leases.

Extension and termination options are included in leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

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

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| At the beginning of the year | 446.32 | - |
| Additions | - | 475.50 |
| Accretion of interest | 36.61 | 9.98 |
| Payments made | (104.53) | (39.16) |
| | 378.40 | 446.32 |
| Current portion | 103.30 | 99.56 |
| Non-current portion | 275.10 | 346.76 |
| **Total** | **378.40** | **446.32** |

**Details of amounts recognised in statement of profit and loss**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Depreciation expense of right-of-use assets | 56.12 | 23.78 |
| Interest expense on lease liabilities | 21.59 | 9.98 |
| **Total amount recognised in statement of profit or loss** | **77.71** | **33.76** |

**38 Disclosure required under Section 186(4) of Companies Act, 2013**

a) Loans and advance to related parties includes loan given to a subsidiary. The particulars of which are disclosed below as required by Sec 186(4) of Companies Act 2013

| Name of the party | Rate of interest | Repayment terms | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| First Energy 3 Private Limited | 7.00% - 8.45% | The principal amount along with Interest has been repaid during the period | - | - |
| First Energy TN1 Private Limited | 8.00% | Loan shall be up to 90 days which may be extended further for the period of 270 days | 90.00 | - |
| First Energy 4 Private Limited | 8.00% - 8.45% | The loan shall be repaid within a period of 90 days | 12,357.50 | - |
| First Energy 5 Private Limited | 8.00% | The loan shall be repaid within a period of 90 days | 2,610.00 | - |
| First Energy 6 Private Limited | 8.00% | The loan shall be repaid within a period of 90 days | 1,072.19 | - |

**Purpose :**
Loan to First Energy TN1 Private Limited has been granted for the working capital purpose.
All other loans have been granted to subsidiaries for the purpose of incurring capital expenditures.

**b) Disclosure of loans given to/ investment made in subsidiary company from the funds received from funding party.**

| Name of the funding party | Amount received from funding party | Date of funding | Nature of transactions | Name of the beneficiary | Amount invested in/ loan to the beneficiary | Date of further investment into beneficiary | Nature of transactions |
|---|---|---|---|---|---|---|---|
| Thermax Limited | 1,260.00 | June 30, 2022 | Equity | First Energy 2 Private Limited | 200.00 | July 5, 2022 | Equity |
| | | | | First Energy 2 Private Limited | 25.00 | July 7, 2022 | Equity |
| | | | | First Energy 2 Private Limited | 125.00 | July 29, 2022 | Equity |
| | | | | First Energy 2 Private Limited | 500.00 | August 1, 2022 | Equity |
| | | | | Jalansar Wind Energy Private Limited | 160.00 | August 1, 2022 | Equity |
| | | | | Kanakal Wind Energy Private Limited | 240.00 | August 1, 2022 | Equity |
| Thermax Limited | 4,300.00 | August 4, 2022 | Loan | First Energy 3 Private Limited | 3,891.00 | August 4, 2022 | Loan |
| | | | | First Energy 3 Private Limited | 75.00 | August 18, 2022 | Loan |
| | | | | First Energy 3 Private Limited | 10.00 | August 23, 2022 | Loan |
| | | | | First Energy 3 Private Limited | 20.00 | September 14, 2022 | Loan |
| | | | | First Energy 3 Private Limited | 304.00 | December 31, 2022 | Loan |
| Thermax Limited | 1,000.00 | September 5, 2022 | Equity | First Energy 3 Private Limited | 500.00 | September 7, 2022 | Equity |
| | | | | First Energy 3 Private Limited | 500.00 | September 8, 2022 | Equity |
| Thermax Limited | 3,000.00 | September 8, 2022 | Equity | First Energy 3 Private Limited | 3,000.00 | September 12, 2022 | Equity |
| Thermax Limited | 2,200.00 | December 26, 2022 | Loan | First Energy 3 Private Limited | 2,200.00 | February 22, 2023 | Loan |
| Thermax Limited | 5,500.00 | December 28, 2022 | Loan | First Energy 3 Private Limited | 5,500.00 | December 28, 2022 | Loan |
| Thermax Limited | 10,200.00 | January 19, 2023 | Loan | First Energy 4 Private Limited | 10,200.00 | January 19, 2023 | Loan |
| Thermax Limited | 2,384.00 | January 31, 2023 | Equity | First Energy 3 Private Limited | 3,384.00 | February 6, 2023 | Equity |
| Thermax Limited | 1,000.00 | February 1, 2023 | Equity | | | | |

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Thermax Limited | 3,000.00 | February 15, 2023 | Loan | First Energy 4 Private Limited | 850.00 | February 15, 2023 | Loan |
| | | | | First Energy 5 Private Limited | 1,200.00 | February 15, 2023 | Loan |
| | | | | First Energy 6 Private Limited | 547.00 | February 15, 2023 | Loan |
| Thermax Limited | 2,200.00 | March 1, 2023 | Loan | First Energy 3 Private Limited | 2,200.00 | March 1, 2023 | Loan |
| Thermax Limited | 2,500.00 | March 14, 2023 | Loan | First Energy 4 Private Limited | 752.00 | March 14, 2023 | Loan |
| | | | | First Energy 4 Private Limited | 18.00 | March 20, 2023 | Loan |
| | | | | First Energy 5 Private Limited | 1,081.00 | March 14, 2023 | Loan |
| | | | | First Energy 5 Private Limited | 29.00 | March 20, 2023 | Loan |
| | | | | First Energy 6 Private Limited | 525.00 | March 15, 2023 | Loan |
| Thermax Limited | 1,200 | March 29, 2023 | Loan | First Energy 4 Private Limited | 537.50 | March 29, 2023 | Loan |
| | | | | First Energy TN1 Private Limited | 90.00 | March 29, 2023 | Loan |
| | | | | First Energy 5 Private Limited | 300.00 | March 29, 2023 | Loan |

**39 Gratuity**

**A Defined Contribution plans**

The Company has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs 64.73 lakhs (31 March 2022 – Rs 12.21 lakhs).

**B Defined Benefit plans and Other Long Term Plans**

**i) Compensated Absences**

The Compensated Absences cover the Company's liability for earned leave which are classified as other long-term benefits.

The entire amount of the provision of Rs.39.58 lakhs (31 March 2022 – Rs. 10.29 lakhs) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Leave obligations not expected to be settled within the next 12 months | 39.58 | 10.29 |

**ii) Gratuity**

The Company operates a defined benefit plan viz. gratuity for its employees as per the Payment of Gratuity Act, 1972. Every employee who has completed at least specified years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The Company has not funded the liability as on March 31, 2023.

**I Changes in the net benefit obligation and fair value of plan assets are as follows :**

| Particulars | Amount |
|---|---|
| **April 1, 2021** | **-** |
| Current service cost | 0.66 |
| **Total amount recognised in Profit or Loss** | **0.66** |
| **Total amount recognised in Other Comprehensive (Income)/Loss** | **-** |
| Employer contributions | - |
| Benefits paid | - |
| Transfer In | 20.03 |
| **March 31, 2022** | **20.69** |
| Current service cost | 33.11 |
| Transfer In | 4.49 |
| Interest expense/(income) | 2.21 |
| **Total amount recognised in Profit or Loss** | **39.81** |
| Experience adjustments | (8.28) |
| Actuarial gain from change in financial assumptions | 3.53 |
| **Total amount recognised in Other Comprehensive Income** | **(4.75)** |
| Benefits paid | (6.81) |
| **March 31, 2023** | **48.94** |

**II Significant estimates**

The significant actuarial assumptions were as follows :

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.40% | 6.84% |
| Salary growth rate | 9.00% | 7.00% |
| Normal retirement age | 60 | 60 |
| Mortality table | IALM(2012-14) Ultimate | IALM(2012-14) Ultimate |
| Employee turnover | 12.00% | 12.00% |

**III Sensitivity analysis**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

| Assumption | Impact on defined benefit obligation | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Discount rate** | | |
| 1.00% increase | Decrease by 3.11 | Decrease by 0.07 |
| 1.00% decrease | Increase by 3.49 | Increase by 0.07 |
| **Future salary increase** | | |
| 1.00% increase | Increase by 2.93 | Increase by 0.07 |
| 1.00% decrease | Decrease by 2.67 | Decrease by 0.06 |
| **Attrition rate** | | |
| 1.00% increase | Decrease by 0.27 | Decrease by 0.00 |
| 1.00% decrease | Increase by 0.30 | Increase by 0.00 |

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous periods.

The following are the expected cash flows/contribution to the defined benefit plan in future years:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within next 12 months | 3.23 | 2.76 |
| Between 2-5 years | 22.15 | 8.49 |
| Next 5 years | 120.73 | 8.28 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2022: 6 yeas)

The Company expects to contribute Rs. 25 lakhs to gratuity fund in the next year (March 31, 2022 : Rs. Nil)

The provision of Rs. Nil (March 31, 2022: Rs. 20.03) is transferred from Holding Company on account of transfer of few employees from the Holding Company and it is receivable from the Holding Company, as Company is in process of setting up its own Gratuity Fund with LIC.

**ii) Other long-term employee benefits**

Company offers cash bonuses to certain managerial employees the amount of which is based on performance of group in a specific year. The amount of provision recognised for the long term employee benefit is Rs. 427.84 lakhs (31 March 2022 – Rs. Nil).

**40 Related party disclosures**

**A Ultimate Holding Company**

| No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | RDA Holdings Private Limited | India |

**B Holding Company**

| No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Limited | India |

**C Subsidiaries**

Unless otherwise stated, the subsidiaries have share capital consisting solely of equity shares that are held directly or indirectly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

| Sr. No. | Name of the entity | Place of business/ Country of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | March 31, 2023 | March 31, 2022 |
| 1 | First Energy TN 1 Private Limited (incorporated on January 29, 2022) | India | 74.00% | 100.00% |
| 2 | First Energy 2 Private Limited (incorporated on March 30, 2022) | India | 74.00% | NA |
| 3 | First Energy 3 Private Limited (incorporated on May 05, 2022) | India | 74.00% | NA |
| 4 | First Energy 4 Private Limited (incorporated on December 07, 2022) | India | 100.00% | NA |
| 5 | First Energy 5 Private Limited (incorporated on December 13, 2022) | India | 100.00% | NA |
| 6 | First Energy 6 Private Limited (incorporated on March 23, 2023) | India | 100.00% | NA |
| 7 | Jalansar Wind Energy Private Limited (w.e.f. June 22, 2022) | India | 74.00% | NA |
| 8 | Kanakal Wind Energy Private Limited (w.e.f. June 22, 2022) | India | 74.00% | NA |

**D Companies under common control**

1 Thermax Onsite Energy Solutions Limited

**E Key Management Personnel:**

1 Mr. Ashish Bhandari - Nominee Director

2 Mr. Rajendran Arunachalam - Nominee Director

3 Mr. Hemant Mohagaonkar - Nominee Director

4 Mr. Navjit Gill - Chief Executive Officer (till September 09, 2022)

5 Mr. Ravi Damaraju - Chief Executive Officer (w.e.f. from September 09, 2022)

6 Mr. Mitish Somani - Chief Financial Officer

7 Ms. Sampada Sakhare - Company Secretary

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**F Transactions with Related parties:**

| | Holding Company | | Subsidiaries | | Companies under common control | | Key Management Personnel and Individuals mentioned in E | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **a. Transactions during the year** | | | | | | | | | | |
| Share subscribed | 11,394.00 | 2,600.00 | - | - | - | - | - | - | **11,394.00** | **2,600.00** |
| Shares Application Money Received | - | 2,750.00 | - | - | - | - | - | - | **-** | **2,750.00** |
| Investments in Subsidiaries | - | - | 8,649.30 | 2,200.00 | - | - | - | - | **8,649.30** | **2,200.00** |
| Loan Taken | 34,100.00 | - | - | - | - | - | - | - | **34,100.00** | **-** |
| Loan Given | - | - | 32,529.69 | - | - | - | - | - | **32,529.69** | **-** |
| Loan Repaid (Outward) | 17,200.00 | - | | - | - | - | - | - | **17,200.00** | **-** |
| Loan Repaid (Inward) | - | - | 16,400.00 | - | - | - | - | - | **16,400.00** | **-** |
| Advance given | - | - | - | 300.00 | - | - | - | - | **-** | **300.00** |
| Reimbursement of expenses received | 16.28 | - | 8,024.25 | 29.69 | - | - | - | - | **8,040.53** | **29.69** |
| Reimbursement of expenses paid | 137.82 | 43.94 | - | - | - | - | - | - | **137.82** | **43.94** |
| Corporate Overhead Allocation | - | - | 383.86 | - | - | - | - | - | **383.86** | **-** |
| Interest Expense on intercorporate loan | 642.48 | - | - | - | - | - | - | - | **642.48** | **-** |
| Redemption of preference shares | - | 1,200.00 | - | - | - | - | - | - | **-** | **1,200.00** |
| Waiver of interest | - | 337.68 | - | - | - | - | - | - | **-** | **337.68** |
| Interest Income | - | - | 485.20 | - | - | - | - | - | **485.20** | **-** |
| Sale of Goods and Services | 95.41 | - | - | - | 67.43 | 128.20 | - | - | **162.84** | **128.20** |
| Purchase of Fixed Assets | - | - | - | - | 782.90 | | - | - | **782.90** | **-** |
| Remuneration to key management personnel* | - | - | - | - | - | - | 753.21 | 98.77 | **753.21** | **98.77** |

* Does not include gratuity and leave encashment since the same is calculated for all employee of the company as a whole.

| | Holding Company | | Subsidiaries | | Entities Controlled by Holding Company | | Key Management Personnel and Individuals mentioned in E | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Balances as at the Year end** | | | | | | | | | | |
| Loan Given | - | - | 16,129.69 | - | - | - | - | - | 16,129.69 | - |
| Trade receivable | 90.02 | - | - | - | 2.40 | 81.98 | - | - | 92.42 | 81.98 |
| Trade payables and other Liabilities | 165.05 | 43.94 | - | - | - | - | - | - | 165.05 | 43.94 |
| Loan Taken | 17,311.62 | 411.62 | - | - | - | - | - | - | 17,311.62 | 411.62 |
| Other Receivables | - | - | 600.65 | 329.70 | - | - | - | - | 600.65 | 329.70 |
| Interest Accrued Receivable | - | - | 185.10 | - | - | - | - | - | 185.10 | - |
| Capital Creditor | - | - | - | - | 898.10 | - | - | - | 898.10 | - |
| Advance Taken | 4.79 | - | - | - | - | - | - | - | 4.79 | - |
| Interest Accrued | 189.23 | - | - | - | - | - | - | - | 189.23 | - |
| Salary Payable | - | - | - | - | - | - | 16.19 | - | 16.19 | 16.19 |
| Provision for long term incentive | - | - | - | - | - | - | 309.54 | - | **309.54** | **309.54** |

**Terms and conditions for outstanding balances**

1 All outstanding balances are unsecured, interest free except for borrowings and payable in cash.

2 The sales to and purchases from related parties are assessed to be at arm's length by the management.

3 Key Management Personnel Compensation

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Short term employment benefits | 443.67 | 98.77 |
| Long-term employee benefits | 309.54 | - |

**41 Acquisition of subsidiaries**

On June 22, 2022, the Company has signed a Share Purchase Agreement (SPA) with Sarjan Realities Private Limited, (the Sellers) for acquisition of 100% of Shares of Kanakal Wind Energy Private Limited and Jalansar Wind Energy Private Limited for Rs. 1 lakh each. On completion of the conditions precedent to SPA, Kanakal Wind Energy Private Limited and Jalansar Wind Energy Private Limited has become subsidiaries of the Company w.e.f. July 6, 2022.

**42 Segment information**

In accordance with paragraph 4 of Ind - AS 108 "Operating Segments", the Company has disclosed segment information only in the consolidated financial information.

**43 I Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Borrowings | 17,311.62 | 411.62 |
| Lease Liability | 378.40 | 446.32 |
| Trade payable | 331.27 | 4,874.24 |
| Other liabilities | 1,194.13 | 14.99 |
| **Total** | **19,215.42** | **5,747.17** |
| Current liabilities | 18,940.32 | 4,988.79 |
| Non current liabilities | 275.10 | 758.38 |
| **Total** | **19,215.42** | **5,747.17** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Details of derivative liabilities**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments** | | |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | - | 2.53 |
| **Total** | **-** | **2.53** |
| Current liabilities | - | 2.53 |
| Non current liabilities | - | - |
| **Total** | **-** | **2.53** |

The Company enters into derivative financial instruments in the nature of forward exchange contracts with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs which captures credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk.

**Break-up of financial assets carried at amortised cost**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables | 209.68 | 241.22 |
| Loans | 16,129.69 | - |
| Finance Lease receivable | 261.10 | - |
| Other financial assets | 853.38 | 390.80 |
| Cash and cash equivalents | 1,063.46 | 1,728.52 |
| Bank balances other than cash and cash equivalents | 0.94 | 0.89 |
| **Total** | **18,518.25** | **2,361.43** |
| Current assets | 18,272.78 | 2,321.81 |
| Non-current assets | 245.47 | 39.62 |
| **Total** | **18,518.25** | **2,361.43** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at fair value through profit and loss**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Financial assets** | | |
| Investments | | |
| Mutual funds | 37.84 | 35.77 |
| **Total financial assets (Current)** | **37.84** | **35.77** |

Fair value of market linked mutual funds is determined using Net Asset Value (NAV) report issued by mutual fund house.

Investment from subsidiaries is excluded since it is accounted as per cost model as prescribed under para 10 of IND AS 27 'Separate Financial Statements'.

**II Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2023

| Particulars | Date of valuation | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual funds | 31 March 2023 | - | 37.84 | - |

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022

| Particulars | Date of valuation | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual funds | 31 March 2022 | - | 35.77 | - |

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

## 44 Financial risk management

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. The Company also holds FVTPL investments and enters into derivative transactions.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2023 and March 31, 2022. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

### 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 price risk. The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

#### a Interest rate risk

Interest rate risk is the risk that the fair value of 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 investment in fixed deposits. Change in interest rate is not expected to have any material impact on the Company's loss before tax.

#### b Foreign currency risk

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD.

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts (foreign currency forward contracts) that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

The exposure to other foreign currencies is not significant to the Company's financial statements.

#### c Price risk

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Company manages the price risk through placing limits on individual and total equity/mutual fund instruments. Reports on the investment portfolio are submitted to the management on a regular basis. The Group is not currently exposed significantly to such risk.

### 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 contract assets) and from its investing activities, including deposits with banks and other financial instruments.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. There is no charge of impairment to Statement of profit and loss.

Expected credit loss for trade receivables under simplified approach

| Trade receivables | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Gross | Expected loss allowance | Gross | Expected loss allowance |
| Unbilled | - | - | - | - |
| Outstanding for following periods from the due date | | | | |
| Not due | 125.33 | - | 241.22 | - |
| Less than 6 months | 84.35 | - | - | - |
| **Total** | **209.68** | **-** | **241.22** | **-** |

**Expected credit loss for contract assets under simplified approach**

| Contract assets | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Gross | Expected loss allowance | Gross | Expected loss allowance |
| Not due | 480.13 | - | 1,924.62 | - |
| Less than 6 months | - | - | - | - |
| 6 months - 1 year | 20.36 | - | - | - |
| **Total** | **500.49** | **-** | **1,924.62** | **-** |

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 and March 31, 2022 is the carrying amounts as disclosed in Note 6, 12 and 13.

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

| March 31, 2023 | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|
| **Non- derivative** | | | | |
| Borrowings | 17,311.62 | - | - | - |
| Lease Liabilities | 103.30 | 236.25 | 94.11 | - |
| Trade Payables | 331.27 | - | - | - |
| Other payables | 1,194.13 | - | - | - |

| March 31, 2022 | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|
| **Non- derivative** | | | | |
| Borrowings | - | 411.62 | - | - |
| Lease Liabilities | 99.56 | 225.00 | 215.12 | - |
| Trade Payables | 4,874.24 | - | - | - |
| Other payables | 14.99 | - | - | - |
| **Derivatives** | **-** | **-** | **-** | **-** |
| Foreign exchange forward contracts | 2.53 | - | - | - |

**45 Analytical ratios**

| Sr. No. | Particulars | Numerator | Denominator | As at March 31, 2023 | As at March 31, 2022 | Variance | Reasons for variance of more than 25% |
|---|---|---|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.97 | 1.09 | -11% | Not applicable |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | 1.70 | 0.12 | 1317% | Increase in ratio due to increase in debt for capital expenditures in subsidiaries |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.) | Debt Service (Interest & Lease Payments + Principal Repayments) | (1.42) | 13.67 | -110% | Refer Note 1 |
| 4 | Return on Equity Ratio | Net Profits after taxes before exceptional items | Average Shareholder's Equity | (0.24) | 0.04 | -700% | Refer Note 1 |
| 5 | Inventory turnover Ratio | Sale of goods | Average Inventory | 1.05 | 1.55 | -32% | Refer Note 1 |
| 6 | Trade Receivables turnover Ratio | Total Sales | Average Accounts Receivable | 6.85 | 16.23 | -58% | Refer Note 1 |
| 7 | Trade payables turnover Ratio | Net Credit Purchases | Average Trade Payables | 0.67 | 2.06 | -67% | Refer Note 1 |
| 8 | Net capital turnover Ratio | Total Sales | Average Working Capital | 233.25 | 11.27 | 1970% | Refer Note 1 |
| 9 | Return on Capital employed | Earning before interest and taxes | Capital Employed | -4% | 3% | -233% | Refer Note 1 |
| 10 | Return on investment | Earnings before interest and tax | Average total assets | -1% | 1% | -200% | Refer Note 1 |

Working Capital = Current assets less Current liabilities

Capital employed = Tangible Net worth + total debt

Average = ((Opening + Closing) / 2)

Note

1 Decrease in revenue by around 32% and significant increase in expenses has resulted into adverse ratios during the period

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**46 Capital management**

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Company.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Borrowings** | **(17,311.62)** | **(411.62)** |
| Lease liability | (378.40) | (446.32) |
| Less: Cash and cash equivalents (includes other bank balances) | 1,064.40 | 1,729.41 |
| Less: Liquid investments | 37.84 | 35.77 |
| **Net surplus / (debt)** | **(16,587.78)** | **907.24** |
| **Equity** | **10,212.20** | **3,295.540** |
| **Net Debt to Equity** | **(1.62)** | **0.28** |

**47** Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

**48 Other Statutory Information**

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

**49 Utilisation of borrowed funds and share premium**

The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

ii. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any funds, except as mentioned in Note 38(b), from any person or entity, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries)

or

ii. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

# First Energy Private Limited

**INDEPENDENT AUDITOR'S REPORT**

To the Members of First Energy Private Ltd

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

1. We have audited the accompanying consolidated financial statements of First Energy Private Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 38 to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2023, and consolidated total comprehensive loss (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

5. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

6. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

7. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

   - 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 Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

   - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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

11. 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.

**Other Matters**

12. The consolidated financial statements of the Company for the year ended March 31, 2022, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 10, 2022, expressed an unmodified opinion on those consolidated financial statements.

    Our opinion on the consolidated financial statements is not modified in respect of the above matter.

**Report on Other Legal and Regulatory Requirements**

13. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B, a statement on the matter specified in paragraph 3(xxi) of CARO 2020.

14. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

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

        i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – Refer Note 35 to the consolidated financial statements.

        ii. The Group was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Group did not have any derivative contracts as at March 31, 2023.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

        iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the note 47 to the consolidated financial statements, no funds (which are material either individually or in the aggregate) 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 or any of such subsidiaries 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 or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of their knowledge and belief, as disclosed in the note 47 to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        (c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

        v. The Holding Company or its subsidiary companies, have not declared or paid any dividend during the year.

        vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group, is applicable to the Group, only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

15. The provisions of section 197 read with Schedule V of the Act are applicable to the Group. However, the Group has not paid/provided any managerial remuneration during the year.

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**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Amit Borkar**

Partner
Membership Number: 109846
UDIN : 23109846BGYFLB4859

Place: Pune
Date: May 11, 2023

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 14 (f) of the Independent Auditor's Report of even date to the members of First Energy Private Limited on the consolidated financial statements for the year ended March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of First Energy Private Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company and its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the respective 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**

3. 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 issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

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

**Opinion**

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLB4859

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of First Energy Private Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2023

As required by paragraph 3(xxi) of the CARO 2020, we report qualification or adverse remarks in their CARO report on the financial statements of the respective companies included in the Consolidated Financial Statements of the Holding Company:

| Name and CIN of Companies | Date of auditors' reports | Paragraph number and comment in the respective CARO reports reproduced below |
|---|---|---|
| Holding Company - First Energy Private Limited (U40200PN2008FTC139032)<br>Subsidairy Companies –<br>First Energy TN1 Private Limited (U40108PN2022PTC208074),<br>First Energy 2 Private Limited (U40300PN2022PTC209863),<br>FirstEnergy 3 Private Limited (U40100PN2022PTC211607),<br>Jalansar Wind Energy Private Limited (U40300GJ2017PTC096527),<br>Kanakal Wind Energy Private Limited (U40300GJ2017PTC096521) | May 11, 2023 | (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues of income-tax and goods and services tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious. |

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLB4859
Place: Pune
Date:May 11, 2023

# First Energy Private Limited

**Consolidated Balance Sheet as at March 31, 2023**

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3(a) | 10,225.40 | 31.00 |
| Right-of-use assets | 3(b) | 1,648.60 | 451.72 |
| Capital work-in-progress | 3(a) | 38,270.84 | 2,882.14 |
| Other intangible assets | 4 | 40.36 | 14.28 |
| Financial assets | | | |
| (i) Finance Lease Receivable | 36 | 202.06 | - |
| (ii) Other financial assets | 5 | 388.03 | 81.93 |
| Deferred tax assets (net) | 19 | - | 42.47 |
| Income tax assets (net) | 6 | 65.83 | 7.35 |
| Other non-current assets | 7 | 14,586.78 | 681.07 |
| **Total non-current assets** | | **65,427.90** | **4,191.96** |
| **Current assets** | | | |
| Financial assets | | | |
| (i) Investments | 8 | 37.84 | 35.77 |
| (ii) Trade receivables | 9 | 315.58 | 241.22 |
| (iii) Cash and cash equivalents | 10 | 12,339.77 | 3,928.32 |
| (iv) Bank balances other than (iii) above | 11 | 0.94 | 0.89 |
| (v) Finance Lease Receivable | 36 | 59.04 | - |
| (vi) Other financial assets | 12 | 186.60 | 30.44 |
| Other current assets | 13 | 810.09 | 2,191.51 |
| **Total current assets** | | **13,749.86** | **6,428.15** |
| **Total assets** | | **79,177.76** | **10,620.11** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 14 | 15,340.64 | 3,946.64 |
| Other equity | 15 | (3,360.74) | (674.22) |
| **Equity attributable to owners of the Parent Company** | | **11,979.90** | **3,272.42** |
| **Non-controlling interests** | | **-** | **-** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 16 | 34,149.42 | 411.62 |
| (ii) Lease Liabilities | 36 (ii) | 893.01 | 346.76 |
| (iii) Other financial liabilities | 17 | 1,218.55 | - |
| Provisions | 18 | 473.56 | 18.77 |
| Deferred Tax Liability (net) | 19 | 0.90 | - |
| Other non-current liabilities | 20 | 33.47 | - |
| **Total non-current liabilities** | | **36,768.91** | **777.15** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 21 | 25,795.61 | - |
| (ii) Lease Liabilities | 36 (ii) | 112.18 | 99.56 |
| (iii) Trade payables | 23 | | |
| a. Total outstanding dues of micro and small enterprises | | 91.17 | 191.41 |
| b. Total outstanding dues other than iii (a) above | | 279.08 | 4,683.83 |
| (iv) Other financial liabilities | 22 | 3,088.04 | 17.52 |
| Provisions | 24 | 45.80 | 12.21 |
| Other current liabilities | 25 | 1,017.07 | 1,566.01 |
| **Total current liabilities** | | **30,428.95** | **6,570.54** |
| **Total equity and liabilities** | | **79,177.76** | **10,620.11** |

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.
This is the Consolidated Balance Sheet referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

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

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 26 | 1,802.67 | 2,256.48 |
| Other income | 27 | 129.97 | 398.70 |
| **Total income (I)** | | **1,932.64** | **2,655.18** |
| **Expenses** | | | |
| Cost of raw materials consumed | 28 | 1,127.78 | 2,011.70 |
| Changes in inventories of work-in-progress, stock-in-trade and finished goods | 29 | - | 1.64 |
| Employee benefits expense | 30 | 1,490.71 | 289.07 |
| Finance cost | 31 | 346.39 | 9.98 |
| Depreciation and amortisation expense | 32 | 164.05 | 24.74 |
| Other expenses | 33 | 850.18 | 220.75 |
| **Total expenses (II)** | | **3,979.11** | **2,557.88** |
| **Profit / (Loss) before tax (III) = (I-II)** | | **(2,046.47)** | **97.30** |
| **Tax expense** | | | |
| Current tax expense | | - | - |
| Deferred tax expense | 19 | 43.37 | - |
| **Total tax expense (IV)** | | **43.37** | **-** |
| **Profit/(Loss) for the year (V) = (III-IV)** | | **(2,089.84)** | **97.30** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | - | - |
| Re-measurement of post-employment benefit obligations | | 4.75 | - |
| Tax relating to these items | | - | - |
| **Total other comprehensive income forthe year, net of tax** | | **4.75** | - |
| **Total comprehensive income /(loss) for the year** | | **(2,085.09)** | **97.30** |
| **Earnings/(loss) per equity share** | | | |
| Basic and Diluted | 34 | **(2.00)** | **0.52** |

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Consolidated Statement of Profit and Loss referred in our report of even date

# First Energy Private Limited

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

***(All amounts are in Rupees Lakhs, except stated otherwise)***

| | Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| A) | **Cash flows from operating activities** | | |
| | Profit/(Loss) before tax | (2,046.47) | 97.30 |
| | **Adjustments to reconcile profit before tax to net cash flows** | | |
| | Depreciation and amortization expenses | 164.05 | 24.74 |
| | Bad debts written off | - | 14.53 |
| | Interest Expenses | 346.39 | 9.98 |
| | Interest/dividend/brokerage income | (107.36) | (3.31) |
| | Loss on sale / discard of assets (net) | - | 21.34 |
| | Net gain on current investments designated at FVPL | (2.07) | (1.40) |
| | Waiver of Interest by Holding Company | - | (337.68) |
| | **Change in operating assets and liabilities** | | |
| | (Increase) in trade receivables | (74.36) | (222.21) |
| | Decrease in inventories | - | 2.93 |
| | (Increase) in other financial assets | (343.61) | (2,008.25) |
| | (Increase) / Decrease in Other assets | 2,022.13 | (874.20) |
| | Increase / (Decrease) in trade payables | (4,504.99) | 4,792.17 |
| | Increase in provisions | 493.13 | 5.40 |
| | Increase / (Decrease) in other financial liabilities | 92.41 | (287.14) |
| | Increase / (Decrease) in other liabilities | (515.47) | 1,563.04 |
| | **Cash generated from / (used in) operations** | **(4,476.22)** | **2,797.24** |
| | Income taxes paid (net of refunds received) | (58.48) | 2.56 |
| | **Net cash inflow / (outflow) from operating activities** | **(4,534.70)** | **2,799.80** |
| B) | **Cash flows from investing activities** | | |
| | Payments for property, plant and equipment | (56,628.57) | (2,924.75) |
| | Payments for intangible assets | (27.27) | - |
| | Payments for asset acquisition (refer note 42) | (2.00) | - |
| | Investments in fixed deposits | (75.05) | (0.06) |
| | Initial direct cost pertaining to right-of-use assets | (583.23) | - |
| | Interest Income | 89.95 | 3.31 |
| | **Net cash flows inflow / (outflow) from investing activities** | **(57,226.17)** | **(2,921.50)** |
| C) | **Cash flows from financing activities** | | |
| | Proceeds from issue of shares | 8,644.00 | 2,600.00 |
| | Share application money received pending allotment | - | 2,750.00 |
| | Proceeds from borrowings | 82,405.18 | - |
| | Repayment of borrowings | (22,495.00) | (1,200.00) |
| | Transaction cost on borrowing | (410.00) | - |
| | Principal elements of lease payments | (167.79) | (29.18) |
| | Interest paid | (1,107.79) | (9.98) |
| | Transactions with non-controlling interests | 3,615.90 | - |
| | Cost related to issue of own equity instruments | (312.18) | (168.75) |
| | **Net cash inflow / (outflow) from financing activities** | **70,172.32** | **3,942.09** |
| | **Net increase / (decrease) in cash and cash equivalents** | **8,411.45** | **3,820.39** |
| | Cash and cash equivalents at the beginning of the year | 3,928.32 | 107.93 |
| | **Cash and cash equivalents at end of the year** | **12,339.77** | **3,928.32** |

**Reconciliation of cash and cash equivalents as per the cash flow statement:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash and cash equivalents (Note 10) | 12,339.77 | 3,928.32 |
| Book overdraft | - | - |
| **Balances as per Cash flow statement** | **12,339.77** | **3,928.32** |

Notes:

i) Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" in accordance with 'IND AS 7 : Statement of Cash Flows'.
ii) Refer Note 21 for Net debt reconciliation

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.
This is the Consolidated Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

**Consolidated Statement of Changes in Equity for the year ended March 31, 2023**

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**A Equity Share Capital**

| | Notes | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the year | 14 | 3,946.64 | 1,346.64 |
| Changes in equity shares capital during the year | 14 | 11,394.00 | 2,600.00 |
| Balance at the end of the year | 14 | 15,340.64 | 3,946.64 |

**B Other Equity**

| Particulars | Reserves & Surplus | | | Share Application Money | Equity component of Compound Financial Instruments | Total Equity |
|---|---|---|---|---|---|---|
| | Retained Earnings | Securities Premium | Total | | | |
| **As at April 1, 2021** | **(4,813.44)** | **1,171.48** | **(3,641.96)** | **-** | **246.72** | **(3,395.24)** |
| Profit for the year | 97.30 | - | 97.30 | - | - | 97.30 |
| Other comprehensive income | - | - | - | - | - | - |
| **Total Comprehensive Income** | **97.30** | **-** | **97.30** | **-** | **-** | **97.30** |
| Share application money received for allotment of shares | - | - | - | 5,350.00 | - | 5,350.00 |
| Shares allotted against the share application money received | - | - | - | (2,600.00) | - | (2,600.00) |
| Transferred to securities premium | - | (126.28) | (126.28) | - | - | (126.28) |
| **As at March 31, 2022** | **(4,716.14)** | **1,045.20** | **(3,670.94)** | **2,750.00** | **246.72** | **(674.22)** |
| Loss for the year | (2,089.84) | - | (2,089.84) | - | - | (2,089.84) |
| Other comprehensive income | 4.75 | - | 4.75 | - | - | 4.75 |
| **Total Comprehensive Income** | **(2,085.09)** | **-** | **(2,085.09)** | **-** | **-** | **(2,085.09)** |
| Share application money received for allotment of shares | - | - | - | 8,644.00 | - | 8,644.00 |
| Shares allotted against the share application money received | - | - | - | (11,394.00) | - | (11,394.00) |
| Cost related to issue of own equity instruments | (208.43) | (103.75) | (312.18) | - | - | (312.18) |
| Transactions with Non-Controlling Shareholders | 2,460.75 | - | 2,460.75 | - | - | 2,460.75 |
| **As at March 31, 2023** | **(4,548.91)** | **941.45** | **(3,607.46)** | **-** | **246.72** | **(3,360.74)** |

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

This is the Consolidated Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

## 1. Corporate information

First Energy Private Limited ("the Company") and its subsidiaries (together referred to as 'the Group') is primarily involved in Power Generation and Engineering, Procurement and Construction of solar power plant and other ancillary activities.

The Company is a private limited group incorporated and domiciled in India. The address of its registered office is 14, Thermax House, Old Mumbai-Pune Highway, Wakdewadi Pune - 411003, India. The Board of Directors have authorized to issue these consolidated financial statements on May 9, 2023. The CIN of the Holding Company is U40200PN2008FTC139032.

## 2. Summary of Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of First Energy Private Limited and its subsidiaries.

### 2.1. Basis of preparation and measurement

#### (a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the consolidated financial statements requires the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.4.

The accounting policies adopted for preparation and presentation of these consolidated financial statements have been consistently applied.

#### (b) Historical cost convention

The consolidated financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2023.

*(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

*Consolidation procedure*

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The accounting policy regarding business combinations and goodwill explains how to account for any related goodwill.

(c) Eliminate in full, intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 'Income Taxes' applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the carrying amount of assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

*(ii) Changes in ownership interests*

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

*(iii) Liability for put options with non-controlling shareholders*

Liability for put options issued to non-controlling shareholders in subsidiaries, to be settled in cash by the Company, which do not grant present access to ownership interest to the Group is recognised at present value of the redemption amount and is presented as financial liability. The non-controlling interests subject to put options are derecognised and the difference between the amount derecognised and present value of the redemption amount, is accounted for as an equity transaction.

*(All amounts in Rupees lakh, unless otherwise stated)*

**2.2 Summary of significant accounting policies**

**a. Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Consolidated Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b. Fair value measurement**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.4)
- Quantitative disclosures of fair value measurement hierarchy (note 43)
- Financial instruments (including those carried at amortized cost) (note 44)

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Group identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Group's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment | 10 to 25 | 15 to 20 |
| Office equipment | 15 | 15 |
| Furniture and fixtures | 15 | 10 |
| Computers and data processing units | 4 to 6 | 3 to 6 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Inventories**

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Write down of inventories are calculated based on an analysis of foreseeable changes in demand, technology, market conditions and ageing of inventories.

**f. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Group collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

The Group has the following streams of revenue:

- **Revenue from Engineering, Procurement and Construction contracts**

Engineering, Procurement and Construction (EPC) contracts are contracts (or a group of contracts secured together) specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Group identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Group to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Group may promise to provide distinct goods or services within a contract, in which case the Group separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Group allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Group uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Group assesses for the timing of revenue recognition in case of each distinct performance obligation. The Group first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Group performs, or

(b) The customer controls the work-in-progress, or

(c) The Group's performance does not create an asset with alternative use to the Group and the Group has right to payment for performance completed till date.

The Group recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process.

The Group uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated profits, are recorded proportionally as costs are incurred.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Group recognizes the expected losses from onerous contract as an expense immediately.

Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

- ***Revenue from Sale of electricity***

Revenue from sale of power is recognised net of cash discount over time for each unit of electricity delivered at the contracted rate. The transaction price is adjusted for significant financing component, if any and the adjustment is accounted as finance cost. Revenue recognized includes amounts billed to consumers on the basis of recording of consumption of energy by installed meters based on the applicable tariff agreed in purchase power agreement, which are recognized considering past trends of approval, management's probability estimate and when no significant uncertainty exists in such determination.

- ***Revenue from Sale of services***

Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized on a time proportion basis under the contracts.

**Contract balances**

**Contract assets:** The contract assets relate to unbilled work in progress. If the Group satisfies performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

***iii. Rental income***

Rental income from operating leases (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

**g. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Group:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Group may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Group follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Group considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

**Derecognition**

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**h. Derivative financial instruments**

The Group enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its exposure to foreign exchange. Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

**i. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**j. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

**Cost for issuance of equity instruments:**

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**k. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

**l. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**m. Leases**

***Group as a lessee***

The Group lease asset classes primarily consist of office buildings and leasehold lands. The Group assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group 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.

***Group as a lessee***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**n. Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**o. Provisions**

Provisions are recognized when the Group 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**p. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The liabilities for Other long-term employee benefits such as privileged leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Consolidated Statement of Profit and Loss. The Group does not have an unconditional right to defer settlement for any of these obligations and therefore have been classified as current liability. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within twelve months.

Provision for Long term incentive is calculated using the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost.

**q. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the First Energy Private Limited has been identified as the chief operating decision maker of the Group.

**r. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**s. Earnings Per Share (EPS)**

The Group presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Group by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**t. Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair value of assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests inssued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any noncontrolling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets.

**u. Rounding of amounts:**

Amounts disclosed in the consolidated financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.4. Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.4.1. Judgments**

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

**i. Revenue from contracts with customers**

A significant revenue of the Group's business relates to EPC contracts which is accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Group has right to payment for performance completed till date, either contractually or legally. The input method requires management to make significant judgements of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

**ii. Ind AS 116 – Leases**

In determining whether revenue contract (power purchase agreement) with customer especially when entire contractual capacity of one project (solar / wind project) is committed to one customer, management exercises judgement in concluding whether contract contains lease. Management takes into consideration who is responsible for design of the project and who has right to direct the use of solar plant.

**iii. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**iv. Fair value measurement of assets acquired**

Significant management judgement is involved in determining whether assets acquired in a particular transaction constitute a 'business' in accordance with the principles laid down in Ind AS 103 – Business Combinations, identification of the assets acquired and liabilities assumed; and measurement of their fair values using appropriate valuation methods to be adopted involves key assumptions like the discount rate and expected demand.

**v. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months.

**vi. Non-controlling shares**

In determining whether Non controlling interest (NCI) is to be recognised with respect to shares held by Non controlling shareholders, management takes into consideration the contracts entered, dividend rights and risk reward relationship and exercises judgement in concluding whether NCI is to be recognized.

**2.4.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**i. EPC contracts:**

**Project cost to complete estimates:** At each reporting date, the Group is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, work-in-progress, billings in excess of costs, estimated earnings and accrued contract expenses.

**ii. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**iii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

**iv. Long term incentives**

The provision for long term incentives is recognized considering the estimated payout expected by the Group at present value using projected unit credit method. These include the determination of the discount rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter which is most subjected to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the long term incentives.

**v. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**vi. Useful lives of property, plant and equipment and intangible assets**

The Group determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**vii. Deferred taxes**

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**3 (a) Property, Plant and Equipment**

| Particulars | Freehold Land | Buildings | Plant and equipment | Office Equipment | Computer | Furniture and Fixtures | Total | Capital work in progress |
|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2022** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| Opening gross carrying amount | - | 10.33 | 641.30 | 12.50 | 67.98 | 23.96 | 756.07 | - |
| Additions | - | - | - | 4.62 | 25.87 | 1.01 | 31.50 | 2,913.64 |
| Disposals / (Transfer) | - | 10.33 | 641.30 | 12.50 | 67.98 | 23.96 | 756.07 | 31.50 |
| **Closing gross carrying amount** | **-** | **-** | **-** | **4.62** | **25.87** | **1.01** | **31.50** | **2,882.14** |
| **Accumulated depreciation** | | | | | | | | |
| Opening accumulated depreciation | - | 10.33 | 616.34 | 12.50 | 67.98 | 23.96 | 731.11 | - |
| Depreciation charge during the year | - | - | - | 0.04 | 0.45 | 0.01 | 0.50 | - |
| Disposals | - | 10.33 | 616.34 | 12.50 | 67.98 | 23.96 | 731.11 | - |
| **Closing accumulated depreciation** | **-** | **-** | **-** | **0.04** | **0.45** | **0.01** | **0.50** | **-** |
| **Net carrying amount as on March 31, 2022** | **-** | **-** | **-** | **4.58** | **25.42** | **1.00** | **31.00** | **2,882.14** |
| **Year Ended March 31, 2023** | | | | | | | | |
| **Gross carrying amount** | | | | | | | | |
| Opening gross carrying amount | - | - | - | 4.62 | 25.87 | 1.01 | 31.50 | 2,882.14 |
| Additions (refer note below) | 732.20 | - | 9,537.28 | 0.61 | 22.30 | 0.20 | 10,292.59 | 45,681.29 |
| Disposals / (Transfer) | - | - | - | - | - | - | - | 10,292.59 |
| **Closing gross carrying amount** | **732.20** | **-** | **9,537.28** | **5.23** | **48.17** | **1.21** | **10,324.09** | **38,270.84** |
| **Accumulated depreciation** | | | | | | | | |
| Opening accumulated depreciation | - | - | - | 0.04 | 0.45 | 0.01 | 0.50 | - |
| Depreciation charge during the year | - | - | 88.56 | 0.32 | 9.24 | 0.07 | 98.19 | - |
| **Closing accumulated depreciation** | **-** | **-** | **88.56** | **0.36** | **9.69** | **0.08** | **98.69** | **-** |
| **Net carrying amount as on March 31, 2023** | **732.20** | **-** | **9,448.72** | **4.87** | **38.48** | **1.13** | **10,225.40** | **38,270.84** |

**Asset Acquistion**

During the year, the Group acquired solar plants from the fellow subsidiary for consideration of Rs. 782.90 lakhs. The aforesaid acquisition is not considered as business combination as it does not meet the definition of “business” given in Ind AS 103 – Business Combinations. The Group has recognised assets and liabilities acquired at their relative fair value as below, also refer note 39.

**Net amount of Assets and Liabilities acquired**

| Particulars | Amount |
|---|---|
| **Assets** | |
| Solar plant | 541.93 |
| Finance lease receivable | 261.10 |
| **Total assets acquired** | **803.03** |
| **Liabilties** | |
| Security deposit of customer | 20.13 |
| **Total Liabilities Assumed** | **20.13** |
| **Net Assets Acquired** | **782.90** |

**The ageing of non-current trade receivables which are due for receipt:**

| CWIP | | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Project in progress | **March 31, 2023** | **38,270.84** | **-** | **-** | **-** | **38,270.84** |
| | March 31, 2022 | 2,882.14 | - | - | - | 2,882.14 |
| Total Capital work-in-progress | **March 31, 2023** | **38,270.84** | **-** | **-** | **-** | **38,270.84** |
| | March 31, 2022 | 2,882.14 | - | - | - | 2,882.14 |

Capital work-in-progress includes overdue projects amounting to Rs 38,126.56 lakhs, out of which a project worth Rs 3,761.77 lakhs have been capitalised in April 2023 and the remaining projects are expected to be completed and capitalised in June 2023.

**Notes:**

(i) See note 41 for information on property, plant and equipment pledged as security by the group.

(ii) See note 35 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

## Notes to standalone financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

(iii) Capital work-in-progress mainly includes expenditure towards construction of new solar and hybrid renewable energy plants.

**3 (b) Right- of- use assets**

| Particulars | Leasehold Land* | Building | Total |
|---|---|---|---|
| **Year ended March 31, 2022** | | | |
| **Gross carrying amount** | | | |
| Opening gross carrying amount | - | - | **-** |
| Additions | - | 475.50 | **475.50** |
| Disposals/ Transfers/ Adjustments | - | - | **-** |
| **Gross carrying amount as at March 31, 2022** | **-** | **475.50** | **475.50** |
| **Accumulated depreciation** | | | |
| Opening accumulated depreciation | - | - | **-** |
| Charge for the year | - | 23.78 | **23.78** |
| Disposals | - | - | **-** |
| **Closing accumulated depreciation** | **-** | **23.78** | **23.78** |
| **Net carrying amount as on March 31, 2022** | **-** | **451.72** | **451.72** |
| **Year ended March 31, 2023** | | | |
| **Gross carrying amount** | | | |
| **Opening gross carrying amount** | **-** | **475.50** | **475.50** |
| Additions* | 1,309.88 | - | **1,309.88** |
| Disposals | | - | **-** |
| **Gross carrying amount as at March 31, 2023** | **1,309.88** | **475.50** | **1,785.38** |
| **Accumulated depreciation** | | | |
| Opening accumulated depreciation | - | 23.78 | **23.78** |
| Charge for the year | 17.90 | 95.10 | **113.00** |
| Disposals | | | **-** |
| Closing accumulated depreciation | 17.90 | 118.88 | **136.78** |
| **Net carrying amount as on March 31, 2023** | **1,291.98** | **356.62** | **1,648.60** |

*Includes initial direct costs incurred by the lessee amounting to Rs. 583.22 lakhs

**Capitalization of expenses**

During the year, the Group has capitalized the following expenses of revenue nature to the cost of Property, plant and equipment / Capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Group.

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Salaries and wages | **446.89** | - |
| Interest expenses | **36.10** | - |
| Depreciation | **56.89** | |
| Others Expenses | **74.11** | - |
| **Total** | **613.99** | **-** |

**4 Intangible Assets**

| Particulars | Computer Software | Others | Total |
|---|---|---|---|
| **Year ended March 31, 2022** | | | |
| **Gross carrying amount** | | | |
| Gross carrying amount as at April 1, 2021 | - | - | **-** |
| Additions | 14.75 | - | **14.75** |
| **Gross carrying amount as at March 31, 2022** | **14.75** | **-** | **14.75** |
| **Accumulated amortisation** | | | |
| Opening accumulated amortisation | - | - | **-** |
| Amortisation charge for the year | 0.47 | - | **0.47** |
| **Closing accumulated amortisation** | **0.47** | **-** | **0.47** |
| **Net carrying amount as on March 31, 2022** | **14.28** | **-** | **14.28** |
| **Year ended March 31, 2023** | | | |
| **Gross carrying amount** | | | |
| Gross carrying amount as at March 31, 2022 | 14.75 | - | **14.75** |
| Additions | 27.27 | 8.56 | **35.83** |
| Disposals | | | **-** |
| **Gross carrying amount as at March 31, 2023** | **42.02** | **8.56** | **50.58** |
| **Accumulated amortisation** | | | |
| Opening accumulated amortisation | 0.47 | - | **0.47** |
| Charge for the year | 6.90 | 2.85 | **9.75** |
| Disposals | | | **-** |
| **Closing accumulated amortisation** | **7.37** | **2.85** | **10.22** |
| **Net carrying amount as on March 31, 2023** | **34.65** | **5.71** | **40.36** |

**5 Non-current financial assets**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Bank deposits with maturity of more than 12 months* | 75.00 | - |
| Security deposits | 313.03 | 81.93 |
| **Total** | **388.03** | **81.93** |

*Held as lien against bank guarantee given

**6 Income Tax Assets (net)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Income tax assets (net) | 65.83 | 7.35 |
| **Total** | **65.83** | **7.35** |

**7 Other non-current assets**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital advances | 14,546.42 | - |
| Balance with government authorities | - | 681.07 |
| Prepaid Expenses* | 40.36 | - |
| **Total** | **14,586.78** | **681.07** |

*Relates to cost to obtain the contract of which will be amortised to Statement of Profit and Loss on a systematic basis consistent with the transfer of the goods and services to the customer

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Number of units | | Amount | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Investments in Mutual Funds :** | | | | |
| **Investments at Fair value through Profit and Loss** | | | | |
| Aditya Birla Sun Life Money Manager Fund Growth- Direct Plan | 11,967 | 11,967 | 37.84 | 35.77 |
| **Total investments in Mutual Funds** | | | **37.84** | **35.77** |
| **Total value of Investments** | | | 37.84 | 35.77 |
| Aggregate amount of quoted investments and market value thereof | | | - | - |
| Aggregate amount of unquoted investments | 261.10 | - | 37.84 | 35.77 |
| Aggregate amount of impairment in the value of investments | - | - | - | - |

9 **Trade receivables**

**Current trade receivables**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables from: | | |
| i) Related parties (note 39) | | |
| - Unbilled* | 19.13 | - |
| - Billed | 92.42 | 81.98 |
| ii) Others | | |
| - Unbilled* | 78.30 | - |
| - Billed | 125.73 | 159.24 |
| **Total** | **315.58** | **241.22** |

| Sub-classification of trade receivables | | |
|---|---|---|
| Secured, considered good | - | - |
| Unsecured, considered good | 315.58 | 241.22 |
| Trade receivables which have a significant increase in credit risk | - | - |
| Trade receivables- credit impaired | - | - |
| | **315.58** | **241.22** |
| Less: impairment allowance | - | - |
| **Total** | **315.58** | **241.22** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

*The receivable is 'unbilled' because the group has not yet issued an invoice; however, the balance has been included under trade receivables (as opposed to contract assets) because it is an unconditional right to consideration.

**The ageing of trade receivables**

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | | |
| (i) Undisputed Trade Receivables- considered good | 144.46 | 78.30 | 92.82 | - | - | - | - | **315.58** |
| (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** | **144.46** | **78.30** | **92.82** | **-** | **-** | **-** | **-** | **315.58** |

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | | | |
| (i) Undisputed Trade Receivables- considered good | 241.22 | - | - | - | - | - | - | **241.22** |
| (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** | **241.22** | **-** | **-** | **-** | **-** | **-** | **-** | **241.22** |

## Notes to standalone financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### 10 Cash and cash equivalents

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with banks** | | |
| - in current accounts | 5,661.01 | 278.32 |
| - in deposits with original maturity of less than three months | 6,678.76 | 3,650.00 |
| **Total** | **12,339.77** | **3,928.32** |

### 11 Other bank balances

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deposits with original maturity of more than 3 months but remaining maturity less than 12 months | 0.94 | 0.89 |
| **Total** | **0.94** | **0.89** |

### 12 Other financial assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest accrued on fixed deposits | 20.12 | 2.71 |
| Security deposits | 120.20 | 7.69 |
| Other receivables | 46.28 | 20.04 |
| **Total** | **186.60** | **30.44** |

### 13 Other current assets

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Unsecured considered good** | | |
| Advance to supplier | 73.64 | 266.69 |
| Advances to employee | 2.14 | 0.20 |
| Unbilled revenue (Contract Assets) | 500.49 | 1,924.62 |
| Prepaid Expenses | 59.09 | - |
| Balances with government authorities | 174.73 | - |
| **Total** | **810.09** | **2,191.51** |

There were no advances due by directors or other officers of the Group or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member

### 14 Share capital

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorized equity share capital** | | |
| 325,000,000 (Previous year 200,000,000) equity shares of Rs. 10/- each. | 32,500.00 | 20,000.00 |
| | **32,500.00** | **20,000.00** |
| **Issued, subscribed and fully paid share capital** | | |
| 153,406,365 (Previous year 39,466,365) equity shares of Rs. 10/- each. | 15,340.64 | 3,946.64 |
| **Total issued, subscribed and fully paid-up share capital** | **15,340.64** | **3,946.64** |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Particulars | No. of shares | Amount |
|---|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | | |
| As at April 1, 2021 | 13,466,365 | 1,346.64 |
| Right issues during the year | 26,000,000 | 2,600.00 |
| As at March 31, 2022 | 39,466,365 | 3,946.64 |
| Right issues during the year | 113,940,000 | 11,394.00 |
| **At March 31, 2023** | **153,406,365** | **15,340.64** |

**(b) Terms/ rights 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 of the Company 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.

**(c) Equity shares held by ultimate holding / holding company**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Holding company** | | |
| **Thermax Limited** | | |
| 153,406,359 (Previous year 39,466,365) equity shares of Rs. 10/- each. | 15,340.64 | 3,946.64 |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | % Change during the Year |
|---|---|---|---|
| **Thermax Limited, India** | | | |
| % Holding | 100.00% | 100.00% | 0.00% |
| No. of shares | 153,406,359 | 39,466,359 | |

**(e) Details of shareholding of promoters:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 | % Change during the Year |
|---|---|---|---|
| **Thermax Limited, India** | | | |
| % Holding | 100.00% | 100.00% | 0.00% |
| No. of shares | 153,406,359 | 39,466,359 | |

**(f)** There were no buy back of shares/issue of shares for consideration other than cash during the period of five years immediately preceding the reporting date.

**15 Other equity**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **A Securities premium account** | | |
| Opening balance | 1,045.20 | 1,171.48 |
| Add: Cost related to issue of own equity instruments | (103.75) | (126.28) |
| **Closing balance** | **941.45** | **1,045.20** |
| **B Retained earnings** | | |
| Opening balance | (4,716.14) | (4,813.44) |
| Add: Profit/(Loss) for the year | (2,089.84) | 97.30 |
| Add: Other Comprehensive Income | 4.75 | - |
| Less: Cost related to issue of Own Equity Instruments | (208.43) | - |
| Transactions with Non-Controlling Shareholders | 2,460.75 | |
| **Closing balance** | **(4,548.91)** | **(4,716.14)** |
| **C Total Reserves and Surplus ( A+B )** | **(3,607.46)** | **(3,670.94)** |
| **D Share Application money** | | |
| Opening balance | 2,750.00 | - |
| Add: Addition during the year | 8,644.00 | 5,350.00 |
| Less: Share allotment during the year | (11,394.00) | (2,600.00) |
| **Closing balance** | **-** | **2,750.00** |
| **E Equity component of compound financial instrument** | 246.72 | 246.72 |
| **Total** | **(3,360.74)** | **(674.22)** |

**Nature and purpose of reserves**

**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**16 Non-current borrowings**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured Loans** | | |
| Term loans from banks* | 34,679.30 | - |
| Less : Current maturities of long-term borrowings | (529.88) | - |
| | **34,149.42** | **-** |
| **Term loans (from Holding Company unsecured)** | - | 411.62 |
| Less : Current maturities of Long term Borrowings | - | - |
| | - | 411.62 |
| **Total** | **34,149.42** | **411.62** |

* After considering unamortised transaction cost of Rs. 401.06 lakhs as at March 31, 2023 (Rs. Nil as at March 31, 2022)

**Secured borrowings and assets pledged as security**

**(a) First Energy TN 1 Private Limited**

The term of Loan of Rs.5,418.36 lakhs is secured by way of charge on all present and future movable and immoveable assets including plant & machinery machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature of First Energy TN1 Private Limited and pledge of 30% of shares of the First Energy TN1 Private Limited held by the holding company.

**(b) First Energy 2 Private Limited**

The term of Loan of Rs.2,692.00 lakhs is secured by way of charge on all present and future movable and immoveable assets including plant & machinery, machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature of First Energy 2 Private Limited and pledge of 51% of shares of the First Energy 2 Private Limited held by the holding company.

**(c) First Energy 3 Private Limited**

The term of Loan of Rs.25,500.00 lakhs is secured by way of charge on all present and future movable and immoveable assets including plant & machinery machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature of First Energy 3 Private Limited and pledge of 30% of shares of the First Energy 3 Private Limited held by the holding company.

**(d) Jalansar Wind Energy Private Limited**

The term of Loan of Rs.590.00 lakhs is secured by way of charge on all present and future movable and immoveable assets including plant & machinery, machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature of Jalansar Wind Energy Private Limited and pledge of 51% of shares of the Jalansar Wind Energy Private Limited held by the holding company.

**(e) Kanakal Wind Energy Private Limited**

The term of Loan of Rs.880.00 lakhs is secured by way of charge on all present and future movable and immoveable assets including plant & machinery machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature of Kanakal Wind Energy Private Limited and pledge of 51% of shares of the Kanakal Wind Energy Private Limited held by the holding company.

**Terms and conditions of term loans from banks**

All the term loans from banks are repayable on quarterly basis on quarterly basis in 76-77 months installments bearing interest rates ranging from 8.50% - 9.35%.

During the year, the Group has used all the borrowings for the specific purpose for which they have been obtained.

**17 Other non-current financial liabilities**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Redemption Liability (refer note 2.1 d (iii)) | 1,198.42 | - |
| Trade deposits | 20.13 | - |
| **Total** | **1,218.55** | **-** |

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### 18 Non-current provisions

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity ( Refer note 37 ) | 45.72 | 18.77 |
| Other long-term employee benefits ( Refer note 37 ) | 427.84 | - |
| **Total** | **473.56** | **18.77** |

### 19 Deferred tax

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax asset** | | |
| Cost related to issue of own equity | - | 42.47 |
| Losses available for offsetting against future taxable income | 84.85 | - |
| Others | 0.33 | - |
| **Total** | 85.18 | 42.47 |
| **Less : Deferred tax liability** | | |
| Depreciation | 86.08 | - |
| Total | 86.08 | - |
| **Deferred tax (asset)/liability net** | **0.90** | **(42.47)** |

Deferred Tax asset has not been recognised in respect of depreciation and carried forward losses because of uncertainty of future taxable profit against which they can be realised.

The Group has tax losses of Rs. 5,620.82 lakhs (March 31, 2022: Rs. 4,086.44 lakhs) that are available for offsetting for future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Company and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit for the year would increase by Rs. 1,356.05 lakhs (March 31, 2022: Rs. 995.27 lakhs).

| Patriculars | Expiry date (Year ending March 31) | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | As of March 31, 2023 | As of March 31, 2022 Tax impact | As of March 31, 2022 | As of March 31, 2022 Tax impact |
| Tax losses | 2024 | 361.42 | 90.97 | 361.42 | 90.97 |
| | 2025 | 398.48 | 100.30 | 398.48 | 100.30 |
| | 2027 | 152.42 | 38.36 | 152.42 | 38.36 |
| | 2030 | 209.12 | 52.64 | 209.12 | 52.64 |
| | 2031 | 1,242.87 | 300.59 | - | - |
| **Total Tax Losses** | | **2,364.31** | **582.86** | **1,121.44** | **282.27** |
| Unabsorbed depreciation | No expiry period | 2,357.99 | 580.91 | 2,124.00 | 535.00 |
| Employee benefit expenses | | 88.52 | 22.28 | 31.00 | 8.00 |
| Capital Loss | 2030 | 810.00 | 170.00 | 810.00 | 170.00 |
| **Total** | | **5,620.82** | **1,356.05** | **4,086.44** | **995.27** |

The income tax expense consists of following:

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Current tax expense | - | - |
| Deferred tax (benefit) / charge | 43.37 | - |
| | **43.37** | **-** |

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Loss before tax | (2,046.47) | 97.30 |
| Indian statutory income tax rate | 25.17% | 25.17% |
| Expected tax expense | (515.10) | 24.49 |
| Deferred tax assets not recognised on losses and depreciation | 515.10 | - |
| Previously recognised deferred tax assets written off | 42.47 | - |
| Set off against tax losses on which deferred tax assets not recognised | 0.90 | (24.49) |
| Total tax expense | 43.37 | - |
| **Deferred tax (asset)/liability net** | **0.90** | **(42.47)** |

### 20 Other non-current liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Contract liabilities** | | |
| Unearned Revenue | 33.47 | - |
| **Total** | **33.47** | **-** |

### 21 Current Borrowings

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| a. Secured loan | | |
| Current maturities of Long-term Borrowings from banks | 529.88 | - |
| b. Unsecured Loans | | |
| From Holding Company | 17,311.62 | - |
| Buyer's Line of Credit from Bank* | 7,927.88 | |
| From Others | 26.23 | - |
| **Total** | **25,795.61** | **-** |

* Loan has been obtained against the credit facilities sanctioned to Holding Company.

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Details | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| Loan from Holding Company | Various | Repayable within 6 months from disbursement | 8.00% - 8.45% | 16,900.00 |
| Loan from Holding Company | On Demand | On Demand | 0% | 411.62 |
| Buyer's Line of Credit from Bank | Various | Repayable within 90 days from date of shipment | 8.00% to 8.20% | 7,927.88 |
| Others | On Demand | On Demand | 0% | 26.23 |

**Net debt reconciliation**

An analysis of net debt and the movements in net debt for March 31, 2023

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash and cash equivalents | 12,339.77 | 3,928.32 |
| Other Bank Balances (excluding earmarked balances with banks) | 0.94 | 0.89 |
| Current and Non-current borrowings | (59,945.03) | (411.62) |
| Lease Liabilities | (1,005.19) | (446.32) |
| Interest Accrued | (293.50) | 0.00 |
| **Net Debt** | **(48,903.01)** | **3,071.27** |

| Particulars | Other assets | | Liabilities from financing activities | |
|---|---|---|---|---|
| | Cash and Cash Equivalents | Other Bank Balance | Borrowings | Lease Liabilities |
| **Net debt as on March 31, 2021** | **107.93** | **0.83** | **(1,949.30)** | **-** |
| Addition to lease | - | - | - | (475.50) |
| Cash flows | 3,820.39 | 0.06 | 1,200.00 | 29.18 |
| Interest Expenses | - | - | - | 9.98 |
| Interest paid | - | - | - | (9.98) |
| Other non cash movement | - | - | 337.68 | - |
| **Net debt as on March 31, 2022** | **3,928.32** | **0.89** | **(411.62)** | **(446.32)** |
| Addition to lease | - | - | - | (726.66) |
| Cash flows | 8,411.45 | 0.05 | (59,507.18) | 167.79 |
| Interest Expenses (including interest capitalised) | - | - | (1,343.60) | (57.69) |
| Interest paid | - | - | 1,050.10 | 57.69 |
| Others | - | - | (26.23) | - |
| **Net debt as on March 31, 2023** | **12,339.77** | **0.94** | **(60,238.53)** | **(1,005.19)** |

## 22 Other financial liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments at fair value through profit or loss** | | |
| Derivative instruments not designated as hedges | | |
| Foreign exchange forward contracts | - | 2.53 |
| Interest accrued but not due on loans | 293.50 | - |
| Capital Creditors | 2,704.74 | - |
| Employee related payables | 89.80 | 14.99 |
| | **3,088.04** | **17.52** |

## 23 Trade payables

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables: micro and small enterprises | 91.17 | 191.41 |
| Trade payables to related parties (see note 39) | 175.42 | 43.94 |
| Trade payables: others | 103.66 | 4,639.89 |
| **Total trade payables** | **370.25** | **4,875.24** |

**Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006**

| | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| | - Principal amount dues to micro and small enterprises* | 91.17 | 191.41 |
| | - Interest due thereon | - | - |
| ii) | The amount of interest paid by the Group in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| iii) | The amount of payment made to the supplier beyond the appointed day during the year | - | - |
| iv) | 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 the MSMED Act, 2006 | - | - |
| v) | The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

## Notes to standalone financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

Amount due to Micro and Small enterprises are disclosed on the basis of information available with the Company regarding status of the suppliers as Micro and Small enterprises.

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | |
| (i) MSME | 88.64 | 2.53 | - | - | - | - | **91.17** |
| (ii) Others | 22.41 | 57.70 | 198.97 | - | - | - | **279.08** |
| (iii) Disputed dues-MSME | - | - | - | - | - | - | **-** |
| (iv) Disputed dues-Others | - | - | - | - | - | - | **-** |
| | **111.05** | **60.23** | **198.97** | **-** | **-** | **-** | **370.25** |

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at Mar 31, 2022** | | | | | | | |
| (i) MSME | 191.41 | - | - | - | - | - | **191.41** |
| (ii) Others | 4,683.83 | - | - | - | - | - | **4,683.83** |
| (iii) Disputed dues- MSME | - | - | - | - | - | - | |
| (iii) Disputed dues- Others | - | - | - | - | - | - | |
| | **4,875.24** | | **-** | **-** | **-** | **-** | **4,875.24** |

### 24 Current provisions

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity ( Refer note 37 ) | 3.22 | 1.92 |
| Provision for Compensated Absences | 39.58 | 10.29 |
| Provision for Onerous contract | 3.00 | - |
| **Total** | **45.80** | **12.21** |

### 25 Other Current liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Contract liabilities** | | |
| Unearned revenue | 18.51 | - |
| Customer advance | 374.48 | 1,533.20 |
| Statutory dues and other liabilities* | 624.08 | 32.81 |
| **Total** | **1,017.07** | **1,566.01** |

* mainly includes tax deducted at source, provident fund, GST etc.

### 26. Revenue from operations

**(a) Revenue from contracts with customers**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Revenue from projects and products | 1509.08 | 2,229.68 |
| Revenue from Power Supply | 251.37 | - |
| Revenue from services | 35.01 | - |
| **Total** | **1,795.46** | **2,229.68** |

**(b) Other operating revenue**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Sale of scrap | 4.68 | 18.80 |
| Gain on sale of Stove/Boiler | - | 1.00 |
| Exchange fluctuation gain (net) | 2.53 | 7.00 |
| **Total** | **7.21** | **26.80** |
| **Revenue from operations (net)** | **1,802.67** | **2,256.48** |

**(c) Disclosure pursuant to IND AS 115: Revenue from contracts with customers**

**i) Revenue by category of contracts:**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Over a period of time basis | 1,797.99 | 2,237.68 |
| At a point-in-time basis | 4.68 | 18.80 |
| **Total revenue from contracts with customers** | **1,802.67** | **2,256.48** |

**ii) Revenue by geographical market:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Within India | 1,682.57 | 2,256.48 |
| Outside India | 120.10 | - |
| **Total revenue from contracts with customers** | **1,802.67** | **2,256.48** |

**iii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables (Refer note 9) | 315.58 | 241.22 |
| Unbilled revenue (Refer note 13) | 500.49 | 1,924.62 |
| Customer advances (Refer Note 25) | 374.48 | 1,533.20 |
| Unearned revenue (Refer Note 20 and 25) | 51.98 | - |

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date from projects and customised contracts. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The contract liabilities relate to unearned revenue and customer advances where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Group's cash positions on specific projects.

Contract assets have decreased as the group has provided fewer products and services ahead of the agreed payment schedules for fixed-price contracts. Contract liabilities have decreased as the group has received fewer advance against the future products and services to be provided.

**iv) Revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the year:**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Unearned revenue | - | - |
| Customer advance | 1,533.20 | - |

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**(v) Remaining performance obligations:**

The Group applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

**vii) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| **Contract price** | 1,790.93 | 2,229.68 |
| Adjustments for: | | |
| Significant Financing Component | 4.53 | - |
| **Total Revenue as per Contracted Price** | **1,795.46** | **2,229.68** |

## 27 Other income

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Net gain on current investments designated at FVPL | 3.48 | 1.40 |
| Interest income from financial assets at amortised cost | 107.36 | 4.58 |
| Miscellaneous income# | 19.13 | 392.72 |
| **Total** | **129.97** | **398.70** |

# Includes waiver of interest by Holding Company of Rs. Nil (March 31, 2022 - Rs. 337.68) on account of redemption of preference shares.

## 28 Cost of raw materials consumed

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | - | 1.29 |
| Add: Purchases | 1,127.78 | 2,010.41 |
| Inventories at the end of the year | - | - |
| **Total** | **1,127.78** | **2,011.70** |

## 29 Changes in inventories of work-in-progress, stock-in-trade and finished goods

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | | |
| Work-in-progress | - | - |
| Finished goods | - | 1.64 |
| | **-** | **1.64** |
| Less: inventories at the end of the year | | |
| Work-in-progress | - | - |
| Finished goods | **-** | **-** |
| **Total** | **-** | **1.64** |

## 30 Employee benefits expense

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | 1,364.38 | 271.02 |
| Contribution to provident and other funds | 64.73 | 12.21 |
| Gratuity expense ( Refer note 37) | 39.81 | 0.66 |
| Staff welfare expenses | 21.79 | 5.18 |
| **Total** | **1,490.71** | **289.07** |

## 31 Finance costs

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost | 187.72 | - |
| Lease Liability | 21.59 | 9.98 |
| Finance cost on Redemption Liability | 43.27 | - |
| Others | 93.81 | - |
| **Total** | **346.39** | **9.98** |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the group's general borrowings during the year, in this case 7.76% (31 March 2022 – Nil).

## 32 Depreciation and amortisation expense

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment | 98.19 | 0.49 |
| Depreciation of right-of-use assets | 56.12 | 23.78 |
| Amortization of intangible assets | 9.74 | 0.47 |
| **Total** | **164.05** | **24.74** |

## 33 Other expenses

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Freight and forwarding charges (net) | - | 0.48 |
| Site expenses and Contract labour charges | 197.08 | 4.88 |
| Travelling and conveyance | 38.50 | 25.16 |
| Rent | - | 0.67 |
| Rates and taxes | 170.85 | 0.38 |
| Legal and professional fees | 142.89 | 10.31 |
| Communication expenses | 4.91 | 0.53 |
| Advertisement and sales promotion | 12.91 | 11.60 |
| Repairs and maintenance | | |
| Boiler and Stove | - | 1.16 |
| Plant and machinery | - | 0.65 |
| Buildings | 0.28 | - |
| Others | 81.69 | 2.39 |
| Bad debts written off | - | 14.53 |
| Power and fuel | 9.67 | 0.90 |
| Insurance | 23.77 | 1.13 |
| Loss on sale / discard of assets (net) | - | 21.34 |
| Printing and stationery | 1.35 | 1.25 |
| Office expenses | 2.65 | 2.38 |
| Recruitment Expenses | 16.05 | 108.30 |
| Bank charges | - | - |
| Directors' fees and commission | 3.75 | - |
| Miscellaneous expenses (includes bank charges, commission & brokerage etc.) | 143.83 | 12.71 |
| Less: Expenses recovered from group Companies | - | - |
| **Total** | **850.18** | **220.75** |

## 33 Earnings (Loss) per share

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Net profit attributable to the Equity shareholders of the Company | (2,089.84) | 97.30 |
| Weighted average number of Equity shares of Rs.10/- each | 104,302,584 | 18,864,995 |
| **Basic and Diluted EPS** | **(2.00)** | **0.52** |

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**34 Payment to auditors**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **As auditor** | | |
| Statutory audit | 12.00 | 4.00 |
| Tax audit | - | 0.75 |
| Others | 6.90 | - |
| **Total** | **18.90** | **4.75** |

**35 Contingent Liabilities and commitments**

**Contingent liabilities**

**A) Others**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Claims against the Company not acknowledged as debt* | 265.00 | - |

*Claims against the Group not acknowledged as debt on account of ongoing arbitration/ legal dispute with one of the vendors of the Group. Based on the legal opinion on the matter and management's assessments of the facts of the case, no provision is required to be made for the matter. Pending resolution of the matter, it is not practicable to estimate the timing of cash outflows, if any.

**B) Capital and other commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 37,046.28 lakhs (March 31, 2022 Rs. Nil).

**36 Leasing Arrangements**

**i) Where the Group is lessor**

**a) Amounts receivable under Finance lease -**

The Group has entered into certain arrangements with its customers where the Group will supply electricity by installing solar power generating system at their customers' premises. The Group has determined, that fulfilment of these arrangements is dependent on the use of a specific asset and the arrangement conveys a right to use these specific asset to the customers. Accordingly, these arrangements qualify as arrangements in the form of lease as specified in Ind-AS 116. Based on the evaluation of terms and conditions of these arrangements, such as the contract term constituting a major part of the economic life of the specific assets, the fair value of the asset and that it has transferred the significant risks and rewards in these assets to the customers, these lease arrangements have been classified as finance leases.

| Particulars | Gross Investment in lease | | Present value of minimum lease payments | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Within one year | 66.51 | - | 59.04 | - |
| After one year but not more than five years | 248.18 | - | 136.12 | - |
| More than five years | 297.30 | - | 65.94 | - |
| | **611.99** | **-** | **261.10** | **-** |
| Less: Unearned finance income | 350.89 | - | - | - |
| Present value of minimum lease payments receivable | 261.10 | - | 261.10 | - |
| Allowance for uncollectible lease payments | - | - | - | - |

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current portion of finance lease receivables | 59.04 | - |
| Non-current portion of finance lease receivables | 202.06 | - |

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Estimated unguaranteed residual value of assets under finance lease | - | - |
| Contingent rent recognised as income during the year | - | - |
| Interest rate inherent in the lease per annum | 16.38% - 28.19% | - |

**(b) Operating Lease**

The Group has leased a solar power generating system. The tenure of lease agreement is 15 years.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Lease received for the year | - | - |

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Future minimum lease rental receivables under non-cancellable operating leases are as follows:** | | |
| Within one year | - | - |
| After one year but not more than five years | - | - |
| More than five years | - | - |

**ii. Group as lessee**

The Group has taken office building and lands on leases for a tenure of 5 to 29 years, and has extension option for office building as per mutual consent. There are no variable lease payments and residual value guarantees for these leases.

Extension and termination options are included in a number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

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

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| At the beginning of the year | 446.32 | - |
| Additions | 726.66 | 475.50 |
| Accretion of interest | 57.69 | 9.98 |
| Payments made | (225.48) | (39.16) |
| As at end of the year | 1,005.19 | 446.32 |
| Current portion of lease liabilities | 112.18 | 99.56 |
| Non-current portion of lease liabilities | 893.01 | 346.76 |
| **Total** | **1,005.19** | **446.32** |

**Details of amounts recognised in statement of profit and loss**

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Depreciation expense of right-of-use assets | 56.12 | 23.78 |
| Interest expense on lease liabilities | 21.59 | 9.98 |
| Expense relating to leases of low-value assets (included in other expenses) | - | 0.67 |
| **Total amount recognised in statement of profit or loss** | **77.71** | **34.43** |

**37 Gratuity**

**A Defined Contribution plans**

The group has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is Rs 64.73 lakhs (31 March 2022 – Rs 12.21 lakhs).

**B Defined Benefit plans and Other Long Term Plans**

**i Compensated Absences**

The Compensated Absences cover the group's liability for earned leave which are classified as other long-term benefits.

The entire amount of the provision of Rs.39.58 lakhs (31 March 2022 – Rs. 10.29 lakhs) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to avail the full amount of accrued leave or require payment for such leave within the next 12 months.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Leave obligations not expected to be settled within the next 12 months | 32.06 | 10.29 |

**ii Gratuity**

The Holding Company operates a defined benefit plan viz. gratuity for its employees as per the Payment of Gratuity Act, 1972. Every employee who has completed at least specified years of service gets a gratuity on departure at 15 days (minimum) of the last drawn salary for each completed year of service. The Holding Company has not funded the liability as on March 31, 2023.

**I Changes in the net benefit obligation is as follows :**

| Particulars | Amount |
|---|---|
| **April 1, 2021** | **-** |
| Current service cost | 0.66 |
| **Total amount recognised in Profit or Loss** | **0.66** |
| **Total amount recognised in Other Comprehensive (Income)/Loss** | **-** |
| Employer contributions | - |
| Benefits paid | - |
| Transfer In | 20.03 |
| **March 31, 2022** | **20.69** |
| **Current service cost** | **33.11** |
| Transfer In | 4.49 |
| Interest expense/(income) | 2.21 |
| **Total amount recognised in Profit or Loss** | **39.81** |
| Experience adjustments | (8.28) |
| Actuarial gain from change in financial assumptions | 3.53 |
| **Total amount recognised in Other Comprehensive (Income)/Loss** | **(4.75)** |
| Employer contributions | - |
| Benefits paid | (6.81) |
| **March 31, 2023** | **48.94** |

**III Significant assumptions**

The principal actuarial assumptions were as follows :

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount rate | 7.40% | 6.84% |
| Salary growth rate | 9.00% | 7.00% |
| Normal retirement age | 60 | 60 |
| Mortality table | IALM(2012-14) Ultimate | IALM(2012-14) Ultimate |
| Employee turnover | 12.00% | 12.00% |

**IV Sensitivity analysis**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

| Assumption | Impact on defined benefit obligation | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Discount rate** | | |
| 1.00% increase | Decrease by 3.11 | Decrease by 0.07 |
| 1.00% decrease | Increase by 3.49 | Increase by 0.07 |
| **Future salary increase** | | |
| 1.00% increase | Increase by 2.93 | Increase by 0.07 |
| 1.00% decrease | Decrease by 2.67 | Decrease by 0.06 |
| **Attrition rate** | | |
| 1.00% increase | Decrease by 0.27 | Decrease by 0.00 |
| 1.00% decrease | Increase by 0.30 | Increase by 0.00 |

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous periods.

The following are the expected cash flows/contribution to the defined benefit plan in future years:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within next 12 months | 3.23 | 2.76 |
| Between 2-5 years | 22.15 | 8.49 |
| Next 5 years | 120.73 | 8.28 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2022: 6 yeas)

The Company expects to contribute Rs. 25 lakhs to gratuity fund in the next year (March 31, 2022 : Rs. Nil)

The provision of Rs. Nil (March 31, 2022: Rs. 20.03) is transferred from Holding Company on account of transfer of few employees from the Holding Company and it is receivable from the Holding Company, as Company is in process of setting up its own Gratuity Fund with LIC.

**iii) Other long-term employee benefits**

Group offers cash bonuses to certain managerial employees the amount of which is based on performance of group in a specific year. The amount of provision recognised for the long term employee benefit is Rs. 427.84 lakhs (31 March 2022 – Rs. Nil).

**38 Interest in subsidiaries**

The consolidated financial statements of the Group includes subsidiaries listed in the table below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Sr. No. | Name of the entity | Place of business/ Country of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | March 31, 2023 | March 31, 2022 |
| 1 | First Energy TN 1 Private Limited (incorporated on January 29, 2022)* | India | 74.00% | 100.00% |
| 2 | First Energy 2 Private Limited (incorporated on March 30, 2022)* | India | 74.00% | 100.00% |
| 3 | First Energy 3 Private Limited (incorporated on May 05, 2022)* | India | 74.00% | NA |
| 4 | First Energy 4 Private Limited (incorporated on December 07, 2022) | India | 100.00% | NA |
| 5 | First Energy 5 Private Limited (incorporated on December 13, 2022) | India | 100.00% | NA |
| 6 | First Energy 6 Private Limited (incorporated on March 23, 2023) | India | 100.00% | NA |
| 7 | First Energy 7 Private Limited (incorporated on March 26, 2023) | India | 100.00% | NA |
| 8 | Jalansar Wind Energy Private Limited (w.e.f June 22, 2022)* | India | 74.00% | NA |
| 9 | Kanakal Wind Energy Private Limited (w.e.f June 22, 2022)* | India | 74.00% | NA |

*Excludes shares held by non-controlling shareholders for which Non-controlling interests have not been recognised as the Group has assessed that there is no risk reward relationship attributable to them (refer note 2.1 d (iii)).

**39 Related party disclosures**

**A Parent entity**

The group is controlled by the following entities:

Holding Company: Thermax Limited

Ultimate Holding Company: RDA Holdings Private Limited

**B Related parties with whom there have been transactions during the year**

**i) Companies under common control :**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Onsite Energy Solutions Limited | India |

**C Key Management Personnel:**

1 Mr. Ashish Bhandari - Director

2 Mr. Rajendran Arunachalam - Director

3 Mr. Hemant Mohagaonkar - Director

4 Mr. Navjit Gill - Chief Executive Officer
(w.e.f from November 1, 2021 and upto September 9, 2022)

5 Mr. Ravi Damaraju - Chief Executive Officer
(w.e.f September 9, 2022)

6 Mr. Mitish Somani - Chief Financial Officer
(w.e.f February 7, 2022)

7 Ms. Sampada Sakhare - Company Secretary

**D Others**

**Enterprises over which control is exercised by Key Management Personnel of holding company:**

1 Elgi Equipments Limited

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**F Transactions and closing balances with related parties**

| | Holding Company | | Others | | Companies under common control | | Key Management Personnel | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Share subscribed** | 11,394.00 | 2,600.00 | - | - | - | - | - | - | **11,394.00** | **2,600.00** |
| Shares Application Money Received | - | 2,750.00 | - | - | - | - | - | - | **-** | **2,750.00** |
| Sales of products and services | 95.41 | - | 50.05 | - | 67.43 | 128.20 | - | - | **212.89** | **128.20** |
| Waiver of interest | - | 337.68 | - | - | - | - | - | - | **-** | **337.68** |
| Reimbursement of expenses received | 16.28 | - | - | - | - | | - | - | **16.28** | **-** |
| Purchase of raw material and components and services/ products | 10.32 | - | - | - | - | - | - | - | **10.32** | **-** |
| Interest Expense on intercorporate loan | 642.48 | - | - | - | - | - | - | - | **642.48** | **-** |
| Reimbursement of expenses paid | 137.82 | 43.94 | - | - | - | - | - | - | **137.82** | **43.94** |
| Loan Taken | 34,100.00 | - | - | - | - | - | - | - | **34,100.00** | **-** |
| Loan Repaid | 17,200.00 | - | - | - | - | - | - | - | **17,200.00** | **-** |
| Redemption of preference shares | - | 1,200.00 | - | - | - | - | - | - | **-** | **1,200.00** |
| Asset Acquisition of Fixed Assets and Leases | - | - | - | - | 782.90 | - | - | - | **782.90** | **-** |
| Remuneration to key management personnel* | - | - | - | - | - | - | 753.21 | 98.77 | **753.21** | **98.77** |

* Does not include provision for gratuity and leave encashment since the same is calculated for all employees of the company as a whole.

| | Holding Company | | Subsidiaries | | Entities Controlled by Holding Company | | Key Management Personnel and Individuals mentioned in E | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **Outstanding balances as at the year end** | | | | | | | | | | |
| Trade receivable | 90.02 | - | 19.13 | - | 2.40 | 81.98 | - | - | 111.55 | 81.98 |
| Trade payables and other Liabilities | 175.42 | 43.94 | - | - | - | - | - | - | 175.42 | 43.94 |
| Capital Creditor | - | - | | | 898.10 | - | - | - | 898.10 | - |
| Advance Given | 5.81 | - | - | - | - | - | - | - | 5.81 | - |
| Advance Taken | 4.79 | - | - | - | - | - | - | - | 4.79 | - |
| Loan Taken | 17,311.62 | 411.62 | - | - | - | - | - | - | 17,311.62 | 411.62 |
| Interest Accrued | 189.23 | - | - | - | - | - | - | - | 189.23 | - |
| Salary Payable | - | - | - | - | - | - | 16.19 | - | 16.19 | - |
| Provision for long term incentive | - | - | - | - | - | - | 309.54 | - | 309.54 | - |

**Terms and conditions for outstanding balances**

1 All outstanding balances are unsecured, interest free except for borrowings and payable in cash.

2 The sales to and purchases from related parties are assessed to be at arm's length by the management.

3 Key Management Personnel Compensation

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Short term employment benefits | 443.67 | 98.77 |
| Long-term employee benefits | 309.54 | - |

**40 Segment reporting**

The Group is in business of providing green energy solutions to its customer which can be categorized in two verticles namely CAPEX Business and OPEX Business wherein CAPEX Business means providing behind the meter solutions like supply of solar power generating systems and related services and OPEX Business means power generation through open access solutions and related services. The Chief Operating Decision Maker (CODM) evaluates the Groups' performance and applies the resources to Groups' business has determined the operating segments based on the reports reviewed by the Board of Directors; that are used to make strategic decisions, allocation of resources and assessing the performance of the segments. The CODM evaluates the segments based on their revenue and operating results.

The CODM evaluates performance based on the revenues and operating profit for the two segments- CAPEX and OPEX. The composition of these segments is given below:

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

**I. Information about Business Segments:**

| Sr. No. | Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| i | **Segment Revenue** | | |
| | a. OPEX | 251.37 | - |
| | b. CAPEX | 1,551.30 | 2,256.48 |
| | **Income From operations** | **1,802.67** | **2,256.48** |
| ii | **Depreciation and amortization** | | |
| | a. OPEX | 119.15 | - |
| | b. CAPEX | 44.90 | 24.74 |
| | | **164.05** | **24.74** |
| iii | **Segment Results** | | |
| | Profit before tax and interest from each segment | | |
| | a. OPEX | (480.94) | (5.62) |
| | b. CAPEX | (1,606.28) | 96.94 |
| | **Total** | **(2,087.22)** | **91.32** |
| | Less : i) Finance cost | (70.09) | - |
| | ii) Other unallocable income | 110.84 | 5.98 |
| | **Total profit before tax** | **(2,046.47)** | **97.30** |
| iv | **Segment Assets** | | |
| | a. OPEX | 64,415.42 | 3,182.14 |
| | b. CAPEX | 2,242.96 | 3,465.64 |
| | d. Unallocated | 12,519.38 | 3,972.33 |
| | **Total Assets** | **79,177.76** | **10,620.11** |
| v | **Segment Liabilities** | | |
| | a. OPEX | 46,787.35 | 2,883.14 |
| | b. CAPEX | 3,097.99 | 4,052.93 |
| | d. Unallocated | 17,312.52 | 411.62 |
| | **Total Liabilities** | **67,197.86** | **7,347.69** |

**Reconciliations to amounts consolidated in financial statements**

**Reconciliation of profit**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Segment profit | (2,087.22) | **91.32** |
| Other income | 110.84 | 5.98 |
| Exceptional items | - | - |
| Finance cost | (70.09) | **-** |
| **Profit before tax** | **(2,046.47)** | **97.30** |

* Mainly includes employee cost, legal and professional expenses, depreciation on unallocable assets, etc.

**Reconciliation of assets**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Segment operating assets | 66,658.38 | **6,647.78** |
| Investments | 37.84 | 35.77 |
| Cash and bank balances | 12,339.77 | 3,928.32 |
| Income tax assets | 65.83 | 7.35 |
| Other unallocated assets (includes deferred tax, etc.) | 75.94 | 0.89 |
| **Total assets** | **79,177.76** | **10,620.11** |

**Reconciliation of liabilities**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Segment operating liabilities | 49,885.34 | 6,936.07 |
| Borrowings | 17,311.62 | 411.62 |
| Deferred tax liabilities | 0.90 | - |
| **Total liabilities** | **67,197.86** | **7,347.69** |

**II Information about geographic segment**

**Revenue from external customers**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| India | 1,682.57 | 2,256.48 |
| Outside India | 120.10 | - |
| **Total** | **1,802.67** | **2,256.48** |

Revenue from one top customer amounted to Rs.571.09 lacs (March 31, 2022: Rs. 1,839.52 lacs) arising from sales Engineering, Procurement and Construction of Solar power plant.

**Non-current asset**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| India | 65,427.90 | 4,191.96 |
| Outside India | - | - |
| **Total** | **65,427.90** | **4,191.96** |

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**41 Assets Pledge as Security**

| Particulars | Notes | Amount Rs. |
|---|---|---|
| **Current** | | |
| **Financial Assets** | | |
| *First Charge* | | |
| Cash and cash equivalents | | 9,881.63 |
| Trade Receivables | | 105.90 |
| Other current assets | | 153.13 |
| **Non-financial assets** | | |
| *First Charge* | | |
| Other current assets | | 26.62 |
| **Total current assets pledged as security** | | 10,167.28 |
| **Non-current** | | |
| **Financial Assets** | | |
| *First Charge* | | |
| Other assets | | 82.12 |
| **Non-financial assets** | | |
| *First Charge* | | |
| Property, plant and equipment | | 9,638.99 |
| Capital work-in-progress - Plant and machinery | | 38,126.56 |
| Right of use asset - Leasehold Land | | 1,291.98 |
| Other assets | | 1.88 |
| **Total non-currents assets pledged as security** | | 49,141.53 |
| **Total assets pledged as security** | | 59,308.81 |

**42 Asset Acquisitions**

**A Details of asset acquisitions**

**i) Jalansar Wind Energy Private Limited**

On June 22, 2022, the Company has signed a Share Purchase Agreement (SPA) with Sarjan Realities Private Limited, (the Sellers) for acquisition of 100% of Shares of Jalansar Wind Energy Private Limited ("JWEPL"). JWEPL is engaged in the business of Generation of Electricity using Renewable Energy. On completion of the conditions precedent to SPA, JWEPL has become subsidiary of the Company w.e.f. July 6, 2022.

**ii) Kanakal Wind Energy Private Limited**

On June 22, 2022, the Company has signed a Share Purchase Agreement (SPA) with Sarjan Realities Private Limited, (the Sellers) for acquisition of 100% of Shares of Kanakal Wind Energy Private Limited ("KWEPL"). KWEPL is engaged in the business of Generation of Electricity using Renewable Energy. On completion of the conditions precedent to SPA, KWEPL has become subsidiary of the Company w.e.f. July 6, 2022.

**B Consideration Transferred**

| Particulars | JWEPL | KWEPL |
|---|---|---|
| Consideration paid in cash for purchase of Equity shares | 1.00 | 1.00 |

**C Net amount of Assets and Liabilities**

| Particulars | JWEPL | KWEPL |
|---|---|---|
| **Assets** | - | - |
| Intangible Asset | 3.94 | 4.62 |
| Other current financial assets | 0.10 | 0.10 |
| **Total Assets Acquired** | **4.04** | **4.72** |
| **Liabilities** | | |
| Tax payable | 3.04 | 3.72 |
| **Total Liabilities Assumed** | **3.04** | **3.72** |
| **Net Assets Acquired** | **1.00** | **1.00** |

**43 I Fair value measurements**

**Break-up of financial assets carried at amortised cost**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables | 315.58 | 241.22 |
| Finance Lease receivable | 261.10 | - |
| Other financial assets | 574.63 | 112.37 |
| Cash and cash equivalents | 12,339.77 | 3,928.32 |
| Bank balances other than cash and cash equivalents | 0.94 | 0.89 |
| **Total** | **13,492.02** | **4,282.80** |
| Current assets | 12,901.93 | 4,200.87 |
| Non-current assets | 590.09 | 81.93 |
| **Total** | **13,492.02** | **4,282.80** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at fair value through profit and loss**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Financial assets** | | |
| Investments | | |
| Mutual funds | 37.84 | 35.77 |
| **Total financial assets (Current)** | **37.84** | **35.77** |

Fair value of market linked mutual funds is determined using Net Asset Value (NAV) report issued by mutual fund house.

**Break up of financial liabilities carried at amortised cost**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Borrowings | 59,945.03 | 411.62 |
| Lease Liability | 1,005.19 | 446.32 |
| Trade payable | 370.25 | 4,875.24 |
| Other liabilities | 4,306.59 | 14.99 |
| **Total** | **65,627.06** | **5,748.17** |
| Current liabilities | 29,366.08 | 4,989.79 |
| Non current liabilities | 36,260.98 | 758.38 |
| **Total** | **65,627.06** | **5,748.17** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**Details of derivative liabilities**

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Derivative instruments** | | |
| Derivative not designated as hedges | | |
| Foreign exchange forward contracts | - | 2.53 |
| **Total** | **-** | **2.53** |
| Current liabilities | - | 2.53 |
| Non current liabilities | - | - |
| **Total** | **-** | **2.53** |

The Group enters into derivative financial instruments in the nature of forward exchange contracts with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs which captures credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk.

**II Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2023

| | Date of valuation | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual funds | March 31, 2023 | - | 37.84 | - |

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022

| | Date of valuation | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Investments | | | | |
| Mutual funds | March 31, 2022 | - | 35.77 | - |
| **Financial liabilities** | | | | |
| Foreign exchange forward contracts | March 31, 2022 | - | 2.53 | - |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

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

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

**44 Financial risk management**

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds FVTPL investments and enters into derivative transactions.

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing operations. The Group is exposed to market risk, credit risk and liquidity risk.

The Group's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. No significant changes were made in the risk management objectives and policies during the years ended March 31, 2023 and March 31, 2022. The management of the Company reviews and agrees policies for managing each of these risks which are summarised below:

**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 price risk. The management of the Group has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

**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 Group's exposure to the risk of changes in interest rate primarily relates to the Group's debt obligations with floating interest rates.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Variable rate borrowings | 34,679.30 | - |

**Sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on borrowings at variable interest rate. With all the other variables held constant, the Group's loss before tax is affected through the impact on floating rate borrowings, as follows:

| Impact on loss after tax | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest rates - increase by 50 basis points | (9.15) | - |
| Interest rates - decrease by 50 basis points | 9.04 | - |

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Group's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD.

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

Foreign exchange risk is managed on the basis of limits determined by management and a continuous assessment of current and expected exchange rate movements and entering into derivative contracts (foreign currency forward contracts) that hedge the maximum period of exposure of underlying transactions (i.e. highly probable forecast sales and purchases).

The exposure to other foreign currencies is not significant to the Group's financial statements.

**c Price risk**

The Group's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Group manages the price risk through placing limits on individual and total equity/ mutual fund instruments. Reports on the investment portfolio are submitted to the management on a regular basis. The Group is not currently exposed significantly to such risk.

**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 Group is exposed to credit risk from its operating activities (primarily trade receivables, lease assets and contract assets) and from its investing activities, including deposits with banks and other financial instruments.

**Trade receivables**

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. There is no charge of impairment to Statement of profit and loss.

Expected credit loss for trade receivables under simplified approach

| Trade receivables | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Gross | Expected loss allowance | Gross | Expected loss allowance |
| Unbilled | 78.3 | - | - | - |
| Outstanding for following periods from the due date | | | | |
| Not due | 144.46 | - | 241.22 | - |
| Less than 6 months | 92.82 | - | - | - |
| **Total** | **315.58** | **-** | **241.22** | **-** |

Expected credit loss for contract assets under simplified approach

| Contract assets | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Gross | Expected loss allowance | Gross | Expected loss allowance |
| Not due | 480.13 | - | 1,924.62 | - |
| Less than 6 months | - | - | - | - |
| 6 months - 1 year | 20.36 | - | - | - |
| **Total** | **500.49** | **-** | **1,924.62** | **-** |

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

The Group's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 and March 31, 2022 is the carrying amounts as disclosed in Note 5, 10 and 11.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Group's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

| March 31, 2023 | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|
| **Non- derivative** | | | | |
| Borrowings | 25,795.61 | 2,160.90 | 2,894.55 | 29,093.97 |
| Lease Liabilities | 112.18 | 331.94 | 213.27 | 1,859.77 |
| Trade Payables | 279.08 | - | - | - |
| Other payables | 3,088.04 | 288.00 | 13.76 | 3,334.27 |
| **Derivative** | **-** | **-** | **-** | **-** |
| Foreign exchange forward contracts | - | - | - | - |

| March 31, 2022 | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|
| **Non- derivative** | | | | |
| Borrowings | - | 411.62 | - | - |
| Lease Liabilities | 99.56 | 104.54 | 242.22 | - |
| Trade Payables | 4,875.24 | - | - | - |
| Other payables | 14.99 | - | - | - |
| **Derivative** | | | | |
| Foreign exchange forward contracts | 2.53 | - | - | - |

**45 Capital Management**

The Group's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2023 and March 31, 2022. Capital represents equity attributable to equity holders of the Company.

**Notes to standalone financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Borrowings | 59,945.03 | 411.62 |
| Lease Liabilities | 1,005.19 | 446.32 |
| Less: Cash and cash equivalents (includes other bank balances) | 12,340.71 | 3,929.21 |
| Less: Liquid investments | 37.84 | 35.77 |
| **Net (surplus) / debt** | **48,571.67** | **(3,107.04)** |
| **Equity** | **11,979.90** | **3,272.42** |
| **Net Debt to Equity** | **4.05** | **(0.95)** |

**Loan covenants**

In order to achieve this overall objective, the Group'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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year and previous year.

**46** Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

**47 Other Statutory Information**

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

(v) The Group has not made any such 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).

(vi) The Group had working capital limits of more than Rs. 5 cr. however, the group is not required to file quarterly returns or statement of current assets with the banks.

(vii) None of the Companies in the group have been declared willful defaulter by any bank or financial institution or government or government authorities.

**48 Utilisation of borrowed funds and share premium**

The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

ii. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Group has not received any funds from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries)

or

ii. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

# First Energy Private Limited

## Notes to standalone financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**49** Additional Information as per Section 129 of the Companies Act, 2013 – Annexure I.

**Annexure I**

**Additional information required by Schedule III**

**Disclosure of additional information pertaining to the parent company, and its subsidiaries: For the year ended March 31, 2023**

| | "Net Assets (Total assets-total liabilities)" | | "Share in Profit and loss (PAT)" | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated Other Comprehensive Income | Amount | As a % of consolidated Total Comprehensive Income | Amount |
| **Parent Company** | | | | | | | | |
| First Energy Private Limited | 85.24% | 10,212.20 | 77.92% | (1,628.34) | 100.00% | 4.75 | 77.87% | (1,623.59) |
| **Indian subsidiaries** | | | | | | | | |
| First Energy TN 1 Private Limited | 17.34% | 2,077.73 | 4.65% | (97.20) | 0.00% | - | 4.66% | (97.20) |
| First Energy 2 Private Limited | 9.10% | 1,090.13 | 2.43% | (50.68) | 0.00% | - | 2.43% | (50.68) |
| First Energy 3 Private Limited | 81.08% | 9,713.74 | 8.18% | (170.87) | 0.00% | - | 8.19% | (170.87) |
| First Energy 4 Private Limited | -0.42% | (50.23) | 2.45% | (51.23) | 0.00% | - | 2.46% | (51.23) |
| First Energy 5 Private Limited | -1.01% | (121.21) | 1.47% | (30.67) | 0.00% | - | 1.47% | (30.67) |
| First Energy 6 Private Limited | 0.01% | 1.00 | 0.00% | - | 0.00% | - | 0.00% | - |
| Jalansar Wind Energy Private Limited | 1.69% | 201.91 | 0.13% | (2.70) | 0.00% | - | 0.13% | (2.70) |
| Kanakal Wind Energy Private Limited | 2.57% | 308.11 | 0.19% | (3.98) | 0.00% | - | 0.19% | (3.98) |
| Consolidation Adjustment | (95.61%) | (11,453.48) | 2.59% | (54.17) | 0.00% | - | 2.60% | (54.17) |
| **Total** | **100.00%** | **11,979.90** | **100.00%** | **(2,089.84)** | **100.00%** | **4.75** | **100.00%** | **(2,085.09)** |

**Disclosure of additional information pertaining to the parent company, and its subsidiaries: For the year ended March 31, 2022**

| | Net Assets (Total assets-total liabilities) | | Share in Profit and loss (PAT) | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated net assets | Amount | As a % of consolidated profit or loss | Amount | As a % of consolidated Other Comprehensive Income | Amount | As a % of consolidated Total Comprehensive Income | Amount |
| **Parent Company** | | | | | | | | |
| First Energy Private Limited | 100.71% | 3,295.54 | 104.48% | 101.66 | 0.00% | - | 104.48% | 101.66 |
| **Indian subsidiaries** | | | | | | | | |
| First Energy TN 1 Private Limited | (0.71%) | (23.12) | -0.01% | (0.01) | 0.00% | - | -0.01% | (0.01) |
| **Total** | **100%** | **3,272.42** | **100%** | **97.30** | **100%** | **-** | **100%** | **97.30** |

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy Pvt. Ltd.**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Hemant Mohgaonkar**
Director
DIN :01308831

**Ravi Damaraju**
Chief Executive Officer

**Mitish Somani**
Chief Financial Officer

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 10, 2023

# THERMAX BIOENERGY SOLUTIONS PRIVATE LIMITED

***Board of Directors***

Mahesh Channakeshaviah Bukinkere
Parvez Umrigar (Director upto September 15, 2022)
Rohit Talwalkar (Director upto January 31, 2023)
Rajendran Arunachalam (Director w.e.f. October 10, 2022)
Kirtiraj Jilkar (Director w.e.f. October 10, 2022)
Shekhar Kashalikar (Director upto May 10, 2023)
Basant Jain (Director w.e.f. January 31, 2023)
Hemant Mohgaonkar (Director w.e.f. May 11,2023)

***Registered Office***

Thermax House,
14, Mumbai – Pune Road, Wakdewadi,
Pune – 411003

***Corporate Office***

Energy House, D-II Block,
Plot No. 38 & 39
MIDC Chinchwad
Pune - 411 019

***Key Managerial Personnel***

Deodatta Deshpande (CEO w.e.f. August 23, 2022)
Harish Tikotkar (CFO w.e.f. October 10, 2022)

***Auditors***

SRBC & Co. LLP
Chartered Accountants
C-401, Panchshil Tech Park, Yerwada,
Pune- 411006, India

***Bankers***

HSBC Bank
ICICI Bank Limited

## DIRECTORS' REPORT

Dear Shareholder,

The Directors present the First Annual Report of the Company for the period ended March 31, 2023.

### INCORPORATION

Your Company was incorporated on August 12, 2022 and received approval for commencement of Business on September 2, 2022.

### FINANCIAL RESULTS

(Rs. in Lakh)

| Particulars | As on 31/03/2023 |
|---|---|
| Total income | **4813.37** |
| Profit before depreciation and interest | **171.89** |
| Depreciation | **13.31** |
| Interest | **1.82** |
| Profit before tax | **156.76** |
| Provision for taxation (incl. deferred tax) | **41.43** |
| Profit after tax | **115.33** |

Since the Company was incorporated on August 12, 2022, there are no corresponding previous year's figures.

**State of Company's affairs**

The Company commenced commercial operations on 2nd September 2022. In the 7 month period till 31st March 2023, the Company achieved total income of Rs 4,813 lacs with profit before tax of Rs 157 lacs. The order booking in the period was Rs. 49,900 lacs. With a healthy order balance of Rs. 45,100 lacs as on 31st March 2023, the Company is on the path of growth.

The Company would set up bioenergy plants on engineering, procurement and construction by partnering with technology partners globally. The Company will primarily focus on setting up projects that will produce bio-methane or Renewable Natural Gas ("RNG") and organic manure using feedstocks such as Rice Straw, Press-mud and Organic Municipal Solid Waste.

The Company aspires to be a market leader in this segment and aims to deliver high quality solutions to the potential customers and assist them to get the best financial returns on their investment during lifecycle of the project.

Since incorporation, our Company has made successful bids with few of India's largest corporate houses in the first six months itself and has established itself as a partner of choice for their upcoming bio-energy plants.

### OPERATIONS

During the year, the Company has commenced execution of its first set of five orders on multiple feed stocks like Rice Straw, Press-mud and Cow dung. During this period the Company made its first successful bid for setting up an RNG plant by processing 300 TPD of organic municipal waste.

### HEALTH AND SAFETY

The Company will ensure focused and continuous improvement on its Safety and Health standards. It will certify its operations for ISO 45001 OHSAS and ISO 14001 EMS by FY 2024-25.

### MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

### DIVIDEND

The directors do not recommend any dividend on equity shares during year.

### AMOUNT PROPOSED TO BE CARRIED TO RESERVES

The Company does not propose to carry any amount to reserves.

### SHARE CAPITAL

The Company has been incorporated with an authorised share capital of Rs. 1000 Lakh. The present paid-up share capital of the Company is Rs.500 Lakh. Thermax Limited and EverEnviro have subscribed to 65% and 35%, respectively of the equity share capital of the Company. The Company is a subsidiary of Thermax Limited.

During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

### PUBLIC DEPOSITS

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company did not give any loan or make an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

### BUSINESS RISK MANAGEMENT

The Company is in process of identifying and classifying its key risks pertaining to the core business and based on that the Company will prepare a broad framework for effective risk identification, review and mitigation. The Company will actively monitor and strengthen its proposed risk management framework in the future.

### ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal financial controls are reviewed by finance department on periodical basis. Authority Matrix is implemented with Board's approval during current year. Internal Audit is not applicable for the Company as per section 138 of Companies Act, 2013 and and Rule 13 of the Companies (Accounts) Rules, 2014.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company does not fall under the criteria defined under Section 135 of Companies Act, 2013 as on March 31, 2023. Hence, the Corporate Social Responsibility provisions are not attracted.

**KEY MANAGERIAL PERSONNEL (KMP)**

Mr. Deodatta Deshpande was appointed as Chief Executive Officer and KMP with effect from August 23, 2022 and Mr. Harish Tikotkar was appointed as Chief Financial Officer and KMP with effect from October 10, 2022.

**DIRECTORS**

Currently, the Board of the Company comprises five Directors. In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Mahesh Channakeshaviah Bukinkere, Director (DIN: 06631816) retires by rotation and being eligible, offers himself for re-appointment.

The first Directors of the Company were Mr. Mahesh Channakeshaviah Bukinkere and Mr. Parvez Umrigar. During the year, Board of Directors appointed Mr. Rohit Talwalkar (DIN: 00981843) with effect from September 14, 2022. Further, Mr. Rajendran Arunachalam (DIN: 08446343), Mr. Kirtiraj Jilkar (DIN: 09675574), Mr. Shekhar Kashalikar (DIN: 09688441) were appointed with effect from October 10, 2022 and Mr. Basant Jain (DIN: 00220395) was appointed with effect from January 31, 2023 as Directors of the Company.

Further, Mr. Parvez Umrigar (DIN: 00106689) and Mr. Rohit Talwalkar (DIN: 00981843), Directors resigned from the Board effective September 15, 2022 and January 31, 2023 respectively.

Mr. Shekhar Kashalikar (DIN: 09688441) resigned from the Board effective May 10, 2023 and Mr. Hemant Mohgaonkar (DIN:01308831) was appointed as an Additional Director on May 11, 2023.

**BOARD MEETINGS**

The Board met four times on August 23, 2022, October 10, 2022, December 15, 2022 and February 1, 2023 during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Details of meetings attended by the members are as follows:

| Name | Dates on which Board Meetings Held | | | |
|---|---|---|---|---|
| | August 23, 2022 | October 10, 2022 | December 15, 2022 | February 1, 2023 |
| Mr. Parvez Keki Umrigar | P | NA | NA | NA |
| Mr. B. C. Mahesh | P | P | P | P |
| Mr. Rohit Talwalkar | NA | P | P | NA |
| Mr. Rajendran Arunachalam | NA | P | P | P |
| Mr. Shekhar Kashalikar | NA | P | P | P |
| Mr. Kirtiraj Jilkar | NA | P | P | P |
| Mr. Basant Jain | NA | NA | NA | P |

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have 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 and of the profit and loss of the Company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Company follows the Secretarial Standards issued by the Institute of Company Secretaries of India on the Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2). The Company is in compliance with these secretarial standards.

**RELATED PARTY TRANSACTIONS**

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant transactions entered into by the Company with the related parties which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

**CONSERVATION OF ENERGY**

The Company is in the business of setting up of green Bio-CNG plants for its customers which produce CNG out of agricultural/municipal waste replacing fossil fuel.

**TECHNOLOGICAL ABSORPTION**

There was no technology acquisition and absorption during the year under review.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pertaining to foreign exchange earnings and outgo, under Section 134(3)(m) of the Companies Act, 2013 is as follows:

| | (Rs. in lakh) |
|---|---|
| Foreign exchange earnings | NIL |
| Foreign exchange outgo | 133.14 |

**PARTICULARS OF EMPLOYEES**

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is committed to provide a safe and conducive work environment to its employees. The Company has constituted Prevention of Sexual Harassment (POSH) Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**AUDITORS**

The SRBC & CO. LLP Chartered Accountants (Firm Registration No.324982E/ E300003) were appointed as First Auditors of the Company in the Extra-Ordinary General Meeting of the members held on October 14, 2022 to hold the office from the conclusion of this Extra Ordinary General Meeting until the conclusion of 1st Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

**DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**RESTRICTION ON PURCHASE BY COMPANY OR GIVING OF LOANS BY IT FOR PURCHASE OF ITS SHARES**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company other than its Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

**THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016. During the year there is no instance of one-time settlement with any Bank or Financial Institution, during the year under review.

**ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well.

**For and on behalf of the Board of Directors of**
**Thermax Bioenergy Solutions Private Limited**

| | | |
|---|---|---|
| | **Rajendran Arunachalam** | **Basant Kumar Jain** |
| | Director | Director |
| Pune, May 11, 2023 | DIN: 08446343 | DIN: 00220395 |

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Thermax Bioenergy Solutions Private Limited

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Thermax Bioenergy Solutions Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

**Basis for Opinion**

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

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company, in electronic mode on servers physically located in India so far as it appears from our examination of those books except that, as mentioned in note 38 of the financial statements, we were unable to verify the back up of books of accounts maintained in electronic mode for the period from August 12, 2022 to January 31, 2023, as necessary logs in respect of such period are not available with the Company for an IT application and the backup of certain books and records (i.e. employee reimbursement system) maintained on another IT application has not been maintained on servers physically located in India on daily basis;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this Report;

(g) In our opinion, the managerial remuneration for the period ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) The qualification relating to the maintenance of accounts and other matters connected therewith is as stated in the paragraph 2(b) above;

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

i. The Company does not have any pending litigations which would impact its financial position;

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

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

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed 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 (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company;

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKT7168

Place of Signature: Pune, India
Date: May 11, 2023

**Annexure 1 as referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date**

**Re: Thermax Bioenergy Solutions Private Limited ("the Company")**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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 intangibles assets.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year ended March 31, 2023.

(e) There are no proceedings initiated or are 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 Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during any point of time of the period on the basis of security of current assets. As per the information and explanations given to us by the management, the Company was not required to submit the quarterly returns with such banks. The Company has not been sanctioned working capital limits from financial institutions during any point of time of the period.

iii. (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties as follows.

(₹ lakhs)

| | Guarantees | Security | Loans | Advances in nature of loans |
|---|---|---|---|---|
| **-Aggregate amount granted / provided during the year** | | | | |
| - Others | - | - | 0.39 | - |
| **Balances outstanding as at the balance sheet date in respect of above cases** | | | | |
| - Others | - | - | 0.31 | - |

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has granted loans during the year to other parties where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular. The Company has not granted loans during the year to companies, firms or Limited Liability Partnerships.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

(e) There were no loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties which was fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.

vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, profession tax, income-tax, duty of customs, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales tax, service tax, duty of excise and value added tax are not applicable to the Company.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, customs duty, cess, and other statutory dues which have not been deposited on account of any dispute.

viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

ix. (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Act has been filed by us in Form ADT – 4 as prescribed under Rule 13 of 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) The Company is not a nidhi Company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) The provisions of section 177 are not applicable to the Company. Transactions with the related parties are in compliance with section 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Act. Therefore, the requirement to report under clause 3(xiv)(a) and (b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) The Group has one Core Investment Company as part of the Group.

(xvii) The Company has not incurred cash losses in the current financial year. The Company has been registered for a period less than one year.

(xviii) There has been no resignation of the statutory auditors during the period and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 34 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions of Section 135 to the Act in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and (b) of the Order is not applicable to the Company.

(xxi) The company does not have any subsidiary, associate or joint venture. Hence, the requirement to report on clause 3(xxi) of the order is not applicable to the company.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKT7168

Place of Signature: Pune, India
Date: May 11, 2023

**Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements of Thermax Bioenergy Solutions Private Limted**

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

We were engaged to audit the internal financial controls with reference to financial statements of Thermax Bioenergy Solutions Private Limited ("the Company") as of March 31, 2023, in conjunction with our audit of the financial statements of the Company for the period ended on that date.

**Management's Responsibility for Internal Financial Controls**

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by ICAI.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls with reference to these financial statements of the Company.

**Meaning of Internal Financial Controls With Reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

**Disclaimer of Opinion**

The management of the Company is in process of establishing the framework, being the year of incorporation, as required by the Guidance note issued by ICAI and accordingly the internal financial control over financial reporting with reference to financial statements with regards the Company, were not made available to us to determine if the Company has established adequate internal financial control over financial reporting as at the aforesaid date and whether such internal financial controls were operating effectively as at March 31, 2023. Accordingly, we do not express an opinion on Internal Financial Controls with reference to these financial statements.

**Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by ICAI, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2023, and the related Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and our report dated May 11, 2023 expressed an unqualified opinion thereon. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership Number: 135859
UDIN: 23135859BGYXKT7168

Place of Signature: Pune, India
Date: May 11, 2023

**BALANCE SHEET as at March 31, 2023**

*(All amounts in Rupees lakh, unless otherwise stated)*

| Particulars | Note No. | Year ended March 31, 2023 |
|---|---|---|
| **Assets** | | |
| **I. Non-current assets** | | |
| Property, plant and equipment | 4 (a) | 91.44 |
| Intangible assets | 4 (b) | 23.72 |
| Financial assets: | | |
| Trade receivables | 5 (a) | 155.29 |
| Deferred tax assets (net) | 7 (b) | 10.63 |
| Income tax assets (net) | | 73.49 |
| **Total Non-current assets** | | **354.57** |
| **II. Current assets** | | |
| **Financial assets:** | | |
| (a) Trade receivables | 5 (b) | 1,116.33 |
| (b) Cash and cash equivalents | 9 | 2,085.65 |
| (d) Other financial assets | 8 | 695.64 |
| (e) Loans | 10 | 0.31 |
| Other current assets | 11 | 2,951.86 |
| **Total current assets** | | **6,849.79** |
| **Total assets** | | **7,204.36** |
| **Equity and liabilities** | | |
| **III. Equity** | | |
| Equity share capital | 12 | 500.00 |
| Other equity | 13 | 110.06 |
| **Total equity** | | **610.06** |
| **IV. Current liabilities** | | |
| **Financial liabilities** | | |
| (a) Trade payables | 14 | |
| - total outstanding dues of micro and small enterprises | | 949.17 |
| - total outstanding dues of creditors other than micro and small'enterprises | | 1,277.63 |
| (b) Other financial liabilities | **16** | 32.18 |
| Other current liabilities | **15** | 4,223.55 |
| Provisions | **17** | 111.77 |
| **Total current liabilities** | | **6,594.30** |
| **Total equity and liabilities** | | **7,204.36** |
| Summary of significant accounting policies | 2 | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | |

The accompanying notes are an integral part of the financial statements.

**Statement of profit and loss for the year ended March 31, 2023**

*(All amounts in Rupees lakh, unless otherwise stated)*

| Particulars | Note No | March 31, 2023 |
|---|---|---|
| **Income** | | |
| Revenue from operations | 18 | 4,804.14 |
| Other income | 19 | 9.23 |
| **Total Income (I)** | | **4,813.37** |
| **Expenses** | | |
| Project bought-out and components consumed | 20 | 2,141.29 |
| Employee benefits expense | 21 | 317.88 |
| Finance cost | 22 | 1.82 |
| Depreciation and amortization expense | 23 | 13.31 |
| Other expenses | 24 (a) | 2,182.31 |
| **Total expenses (II)** | | **4,656.61** |
| **Profit before tax (III = I-II)** | | **156.76** |
| **Tax expense** | | |
| Current tax | 6 (a) | 51.00 |
| Deferred tax | 7 (a) | (9.57) |
| **Total tax expense (IV)** | | **41.43** |
| **Profit for the year (V = III-IV)** | | **115.33** |
| **Other comprehensive income** | | |
| **A. Items that will not be reclassified subsequently to profit or loss** | 25 | |
| Re-measurement (loss)/ gain of defined benefit plan | | (4.28) |
| Less: Income tax effect | | 1.06 |
| | | (3.22) |
| **Total other comprehensive income for the year (net of tax) (VI)** | | **(3.22)** |
| **Total comprehensive income for the year (VII = V+VI)** | | 112.11 |
| Earning per equity share [Nominal value Rs. 10 each ] Basic and diluted | 26 | **2.31** |
| Summary of significant accounting policies | 2 | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | |

The accompanying notes are an integral part of these financial statements.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

Date: May 11, 2023
Place: Pune

**For and on behalf of the Board of Directors of Thermax Bioenergy Solutions Private Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Basant Kumar Jain**
Director
DIN: 00220395

**Deodatta Deshpande**
Chief Executive Officer

**Harish Tikotkar**
Chief Financial Officer

Date: May 11, 2023
Place: Pune

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

Date: May 11, 2023
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**Harish Tikotkar**
Chief Financial Officer

Date: May 11, 2023
Place: Pune

# THERMAX BIOENERGY SOLUTIONS PRIVATE LIMITED

## Cash flow statement for the year ended March 31, 2023

***(All amounts are in Rupees Lakhs , except stated otherwise)***

| | Particulars | Year ended March 31, 2023 |
|---|---|---|
| **A)** | **Cash flows from operating activities** | |
| | Profit before tax | **156.76** |
| | **Adjustments to reconcile profit before tax to net cash flows** | |
| | Depreciation/Amortisation on Property, plant & equipment and Intangible asset | 13.31 |
| | Provision for impairment allowance of financial assets | 35.46 |
| | Finance cost | 1.82 |
| | Interest income | (9.23) |
| | **Operating Profits before working capital changes** | **198.12** |
| | **Movement in working capital:** | |
| | (Increase) in trade receivables | (1,307.08) |
| | (Increase) in other financial assets | (695.64) |
| | (Increase) in other current assets | (2,956.13) |
| | (Increase) in loans | (0.31) |
| | Increase in trade payables | 2,224.98 |
| | Increase in other current liabilities | 4,185.30 |
| | Increase in other financial liabilities | 32.18 |
| | Increase in current provisions | 111.77 |
| | | **1,595.06** |
| | **Cash generated from operations** | **1,793.18** |
| | Income taxes paid | (124.50) |
| | **Net cash flow (used in) from operating activities** | **1,668.68** |
| **B)** | **Cash flows (used in) investing activities** | |
| | Purchase of property, plant and equipment and intangible assets | (90.22) |
| | Interest income | 9.23 |
| | **Net cash flows from / (used in) investing activities** | **(80.99)** |
| **C)** | **Cash flows (used in) financing activities** | |
| | Equity share capital infusion (net of expenses) | 497.95 |
| | **Net cash flows (used in) financing activities** | **497.95** |
| | **Net increase in cash and cash equivalents (A + B + C)** | **2,085.64** |
| | Cash and cash equivalents at the beginning of the period | - |
| | Cash and cash equivalents at the end of the period (Refer note 9) | **2,085.64** |

| Particulars | Note No. | March 31, 2023 |
|---|---|---|
| Cash and cash equivalents | 9 | 2,085.65 |
| **Balances as per Cash flow statement** | | **2,085.65** |

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**For and on behalf of the Board of Directors of Thermax Bioenergy Solutions Private Limited**

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

**Rajendran Arunachalam**
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DIN: 08446343

**Basant Kumar Jain**
Director
DIN: 00220395

**Deodatta Deshpande**
Chief Executive Officer

**Harish Tikotkar**
Chief Financial Officer

Date: May 11, 2023
Place: Pune

Date: May 11, 2023
Place: Pune

## Statement of Changes in equity for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

**A Equity Share Capital#**

| Particulars | Note No. | March 31, 2023 |
|---|---|---|
| Balance at the beginning of the period | 12 | - |
| Change in equity shares capital during the period | 12 | 500.00 |
| **Balance at the end of the period** | **12** | **500.00** |

**B Other Equity#**

| Particulars | Reserves and surplus | |
|---|---|---|
| | **Retained Earnings** | **Total** |
| Profit for the period | 115.33 | 115.33 |
| Other Comprehensive Income (net) (note 13) | (3.22) | (3.22) |
| Cost of issuing own equity | (2.05) | (2.05) |
| **As at March 31, 2023** | **110.07** | **110.07** |

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**For and on behalf of the Board of Directors of Thermax Bioenergy Solutions Private Limited**

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

**Rajendran Arunachalam**
Director
DIN: 08446343

**Basant Kumar Jain**
Director
DIN: 00220395

**Deodatta Deshpande**
Chief Executive Officer

**Harish Tikotkar**
Chief Financial Officer

Date: May 11, 2023
Place: Pune

Date: May 11, 2023
Place: Pune

**Notes to the financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**1. Corporate information**

Thermax Engineering Construction Company Limited (the "Company") is a public company domiciled in India. It is a wholly owned subsidiary of Thermax Limited. The Company is engaged in erection and commissioning of boilers supplied by its parent company Thermax Limited and also by other suppliers. The Corporate Identification Number (CIN) of the Company is U29246MH1991PLC062959.

The address of the registered office is Thermax House, 14, Mumbai – Pune Highway, Wakdewadi, Pune, 411001. The Board of Directors have authorized to issue by these separate financial statements on May 11, 2023.

**2. Significant accounting policies**

**2.1. Basis of preparation and measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**(b) Basis of measurement**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Defined benefit plans whereby the plan assets are measured at fair value

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs except when otherwise indicated.

**2.2. Changes in accounting policies and disclosures**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022.

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2022 dated March 23, 2022, to amend the following Ind AS which are effective from April 01, 2022.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to Ind AS 37

An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. There is no material impact on financial statements of the Company.

Several other amendments and interpretations apply for the first time in the year ended March 31, 2023, but do not have a material impact on financial statements of the Company and hence not included in the accounting policies.

**2.3 Summary of significant accounting policies**

**a. Current and non-current classification**

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**b. Foreign currencies**

The Company's financial statements are prepared in INR, which is the also functional currency of the Company.

**Transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the Statement of profit and loss.

**c. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2)
- Quantitative disclosures of fair value measurement hierarchy (note 27)
- Financial instruments (including those carried at amortized cost) (note 27)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**d. Property, Plant and Equipment**

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalized. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment * | 1 to 10 | 9 to 15 |
| Office equipment | 1 to 3 | 5 |
| Computers | 2 to 3 | 3 |
| Vehicles | 3 to 6 | 8 |

* Includes site infrastructure which is fully depreciated.

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis

***e. Intangible assets***

Intangible assets are stated at acquisition cost, net of accumulated amortization.

**f. Revenue recognition**

***Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

The Company has following streams of revenue:

**i. Revenue from Engineering, Procurement and Construction contracts**

**Engineering, Procurement and Construction contracts** are contracts (or a group of contracts secured together) specifically negotiated for the construction of an asset which refers to any project for construction of plants and systems, involving designing, engineering, fabrication, supply, erection (or supervision thereof), commissioning, guaranteeing performance thereof etc., execution of which is spread over different accounting periods. The Company identifies distinct performance obligations in each contract. For most of the project contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability. Hence, the entire contract is accounted for as one performance obligation.

The Company may promise to provide distinct goods or services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation in case of contracts with more than one distinct performance obligations.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognized over a period of time if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or

(b) The customer controls the work-in-progress, or

(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date

The Company recognizes revenue over time as it performs because of continuous transfer of control to the customer. For all project contracts, this continuous transfer of control to the customer is supported by the fact that the customer typically controls the work in process as evidenced either by contractual termination clauses or by the rights of the Company to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use.

The Company uses cost-based measure of progress (or input method) for contracts because it best depicts the transfer of control to the customer which occurs as it incurs costs on contracts. Under the cost-based measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

The Company estimates variable consideration amount which it expects to be entitled under the contract and includes it in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur and when the uncertainty associated with it is subsequently resolved. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Costs associated with bidding for contracts are charged to the Statement of profit and loss when they are incurred. Costs that relate directly to a contract and are incurred in securing the contract are included as part of the contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Contract modification, when approved by both the parties to the contract, are considered as modification, if it creates new or changes the existing enforceable rights and obligations. Most of the contract modifications are not distinct from the existing contract due to the significant integration service provided under the contract prior to modifications and are therefore, accounted for as part of the existing contract. The effect of a contract modification is recognized as an adjustment to revenue on a cumulative catch-up basis.

When it becomes probable that the total contract costs will exceed the total contract revenue, the Company recognizes the expected losses from onerous contract as an expense immediately. Penalties for any delay or improper execution of a contract are recognized as a deduction from revenue. In the balance sheet, such provisions are presented on net basis of the contract receivables.

On the balance sheet date, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

**ii. Revenue from Sale of goods**

If the criteria for revenue under over-a-period of time as mentioned above are met, the Company recognized revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is generally determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred. The Company provides for warranty provision for general repairs up to 18 months on its products sold, in line with the industry practice. A liability is recognized at the time the product is sold. The Company does not provide any extended warranties.

**iii. Revenue from Sale of services**

Revenue in respect of operation and maintenance contract, awarded on a standalone basis or included in long term contracts and identified as a separate performance obligation, is recognized as the related services are performed on a time proportion basis under the contracts.

**Contract balances**

**Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Also refer accounting policies on financial instruments in note g below.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances

***Interest Income***

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

***Dividend Income***

Revenue is recognized when the Company's right to receive the payment is established by the reporting date.

**g. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories:

**Debt instruments**

Debt instruments at amortised cost: The debt instrument is at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. The

EIR amortisation is included in other income in the Statement of Profit and Loss. This category generally applies to loans and trade and other receivables.

Debt instruments fair value through OCI (FVOCI): A debt instrument is classified as FVOCI if the financial asset 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. The Company has not classified any financial assets under this category.

Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVOCI are classified as FVTPL. The Company has classified any debt under this category.

**De- recognition**

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full to a third party under a pass through arrangement and either

a) The Company has transferred substantially all risks and rewards of the asset or

b) Has transferred control of the asset.

***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balances

(b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables which includes current contract receivables and retention money receivables in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that is possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of the collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss. This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured at amortized cost - contract assets:** ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

**Impairment of financial assets**

Credit Risk exposure: -

The Company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates.

Expected Credit Loss: -

While calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect.

**Financial liabilities**

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdraft and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as fair value through Profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

**h. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**i. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares or stock options are recognized as a deduction from equity, net of any related income tax effects.

**j. Income tax**

**Current income-tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

***Indirect taxes paid on acquisition of assets or on incurring expenses***

Expenses and assets are recognized net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**k. Borrowing costs**

Borrowing costs include interest and amortization of ancillary costs in connection with the arrangement of borrowings. Borrowing costs attributable to the acquisition, construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**l. Leases**

***Company as a lessee***

Company lease asset classes primarily consist of leases for land, buildings and office equipment's. The Company assesses whether a contract contains a lease, at in caption of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at value of the future lease payments.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**m. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent period, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in priors. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**n. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

***Provision for onerous contracts***

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

**o. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of profit and loss in subsequent periods.

Past service costs are recognized in the Statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and

- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Liability on account of the Company's obligation under the employees' superannuation fund, a defined contribution plan, is charged to the statement of profit and loss on the basis of the plan's liability to contribute.

Liability on account of the Company's obligation under the employee's leave travel assistance is charged to the Statement of profit and loss at the undiscounted amount of such liability.

Liabilities on account of the Company's obligations under statutory regulations, agreement with trade unions and employees' short-term incentive plan, as applicable, are charged to the Statement of profit and loss at the undiscounted amount of each liability.

**p. Segment Reporting**

*Identification of segments*

The entire operation is governed by the same set of risk and returns and hence considered as representing a single primary segment and not analysed separately. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

*Segment accounting policies*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**q. Contingent liability**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**r. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees). The diluted potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (that is the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

**s. Dividends**

Dividend to equity shareholders is recognized as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognized as a liability and deducted from shareholders' equity in the year in which the dividends are declared by the Board of directors.

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods..

**3.1 Judgements**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i) Revenue from contracts with customers**

A significant portion of the Company's business relates to construction of assets which are accounted using cost-based input method, recognizing revenue as the performance on the contract progresses. This requires Management to make judgement with respect to identifying contracts for which revenue need to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has right to payment for performance completed till date, either contractually or legally. The input method requires Management to make significant judgments of the extent of progress towards completion including accounting of multiple contracts which need to be combined and considered as a single contract.

**ii) Contingencies relating to tax and legal matters**

The Company has received various orders and notices from tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable losses including the estimate of legal expense to resolve such matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

**iii) Segment reporting**

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

Operating segments used to present segment information are identified based on the internal reports used and reviewed by the Chief Executive Officer to assess performance and allocate resources. The Company is operating in a single business segment, viz Energy.

**3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Constructions contracts:**

- **Provisions for liquidated damages claims (LDs):** The Company provides for LD claims to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. This requires an estimate of the amount of LDs payable under a claim which involves a number of management judgments and assumptions regarding the amounts to recognize.

- **Project cost to complete estimates:** At each reporting date, the Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact revenues, cost of sales, unbilled revenue and estimated earnings and accrued contract expenses.

- **Recognition of contract variations:** The Company recognizes revenues and margins from contract variations where it is considered probable that they will be awarded by the customer and this requires management to assess the likelihood of such an award being made by reference to customer communications and other forms of documentary evidence

- **Provision for onerous contract:** The Company provides for future losses on long-term contracts where it is considered probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involves a number of assumptions about the achievement of contract performance targets and the likely levels of future cost escalation over time. Refer note 14 for details of provision for onerous contracts.

**ii. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset of cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flow are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested are recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used..

**iii. Defined benefit plans - gratuity**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in Note 25.

**iv. Termination benefits:**

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of these benefits; and

(b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**v. Fair value measurement of unquoted financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Assumptions include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 27 for further disclosures.

**vi. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

*(All amounts in Rupees lakh, unless otherwise stated)*

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates a default rate of total revenue for trade receivables and contract revenue for contract assets. The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. For retention receivables, the Company additionally categorizes the receivables due from Public Sector Undertakings (PSUs) and Non-PSUs and follows a wider aged bucket provisioning norm as the performance guarantee tests require certain time period after the supplies are completed. Refer note 6(a) for details of impairment allowance recognized at the reporting date.

**vii. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted. Refer Note 7(b)for details of deferred taxes.

**3.3 Standards issued but not effective:**

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules 2023 dated March 31, 2023 to amend the following Ind AS which are effective from April 01, 2023.

(i) Ind AS 1 Presentation of financial statements : The amendment specifies that an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

An entity shall disclose, along with material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. The Company is in process of evaluating this amendment.

**4 a) Property, Plant and Equipment**

| Particulars | Office equipment | Computer | Furniture & fixtures | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **As at August 12, 2022** | **-** | **-** | **-** | **-** |
| Additions | 10.00 | 90.99 | 2.48 | 103.47 |
| **As at March 31, 2023** | **10.00** | **90.99** | **2.48** | **103.47** |
| **Accumulated depreciation** | | | | |
| **As at August 12, 2022** | - | - | - | - |
| Charge for the period | 9.50 | 2.47 | 0.06 | 12.03 |
| **As at March 31, 2023** | **9.50** | **2.47** | **0.06** | **12.03** |
| **Net Block** | | | | |
| **As at March 31, 2023** | **0.50** | **88.52** | **2.42** | **91.44** |

**4 (b) Intangible assets**

| Particulars | Furniture & fixtures | Total |
|---|---|---|
| **Gross carrying amount** | | |
| **As at August 12, 2022** | **-** | **-** |
| Additions | 25.00 | 25.00 |
| **As at March 31, 2023** | **25.00** | **25.00** |
| **Accumulated depreciation** | | |
| **As at August 12, 2022** | - | - |
| Charge for the period | 1.28 | 1.28 |
| **As at March 31, 2023** | **1.28** | **1.28** |
| **Net Block** | | |
| **As at March 31, 2023** | **23.72** | **23.72** |

**5 (a) Trade receivables**
**Non-current trade receivables**

| | As at March 31, 2023 |
|---|---|
| **Trade receivables- Others** | 155.29 |
| **Total receivables** | **155.29** |
| **Sub-classification of trade receivables** | |
| **Secured, considered good** | **-** |
| Unsecured, considered good | 155.29 |
| **Trade receivables which have a significant increase in credit risk** | - |
| Trade receivables- credit impaired | - |
| Less: Impairment allowance | - |
| **Total** | **155.29** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

**The ageing of non-current trade receivables which are due for receipt:**

| | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **March 31, 2023** | | | | | | | |
| (i) Undisputed Trade Receivables- considered good | 155.29 | - | - | - | - | - | **155.29** |
| (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 | - | - | - | - | - | - | **-** |
| Less: Impairment allowance | | | | | | | **-** |
| Total | | | | | | | **155.29** |

The above ageing includes retention receivables which are classified as due or not due on the basis of the contractual terms with respective customers.

*(All amounts in Rupees lakh, unless otherwise stated)*

**5 (b) Current trade receivables**

| | As at March 31, 2023 |
|---|---|
| Trade receivables from: | |
| i) Related parties (Refer note 31) | 158.05 |
| ii) Others | 958.28 |
| **Total** | **1,116.33** |
| Sub-classification of trade receivables | |
| Secured, considered good | - |
| Unsecured, considered good | 1,127.77 |
| Trade Receivables which have a significant increase in credit risk | - |
| Trade Receivables - credit impaired | - |
| | **1,127.77** |
| Less: Impairment allowance | (11.44) |
| **Total** | **1,116.33** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

All outstanding balances are unsecured and repayable in cash. Trade receivables are non-interest bearing and are generally on terms of 15-60 days.

**The ageing of current trade receivables which are due for receipt:**

| | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | |
| (i) Undisputed Trade Receivables- considered good | 1,102.58 | 25.19 | - | - | - | - | **1,127.77** |
| (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 | - | - | - | - | - | - | - |
| Less: Impairment allowance | | | | | | | (11.44) |
| **Total** | | | | | | | **1,116.33** |

**5 (c) The following table summarises the change in impairment allowance measured using life time expected credit loss model**

| | March 31, 2023 | |
|---|---|---|
| | **Provisions on Trade Receivables** | **Provisions on contract assets** |
| **At the beginning of the period** | - | - |
| Provisions made during the period | 11.44 | 24.02 |
| Utilized/ reversed during the period | - | - |
| **At the end of the period** | **11.44** | **24.02** |

**6 Income taxes**

The major components of income tax expense for the period ended March 31, 2023 are:

**(a) Statement of profit and loss**

| | **From August 12, 2022 to March 31, 2023** |
|---|---|
| Current income tax charge | 51.00 |
| Deferred tax (income)/expense (relating to obligations and reversals of temporary differences) | (9.57) |
| **Income tax expense reported in the Statement of profit and loss** | **41.43** |

**(b) Other Comprehensive Income**

| | **From August 12, 2022 to March 31, 2023** |
|---|---|
| **Deferred tax related to items recognized in other comprehensive income during the period** | |
| Net Loss/(Gain) on re-measurement of defined benefit plans | 1.06 |
| **Income tax charged to Other Comprehensive Income** | **1.06** |

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023**

| | **From August 12, 2022 to March 31, 2023** |
|---|---|
| Accounting profit before tax | 156.76 |
| At India's statutory income tax rate of 25.17% | 39.46 |
| Other differences (includes differences on account of provision for impairment allowance etc.) | 1.97 |
| **Effective Tax** | **41.43** |
| **Income tax expense reported in the Statement of profit or loss** | **41.43** |

## Notes to financial statements for the year ended March 31, 2023
*(All amounts in Rupees lakh, unless otherwise stated)*

### 7 Deferred tax

**(a) Statement of Profit and Loss**

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Deferred tax relates to the following: | |
| Accelerated depreciation for tax purpose | 1.72 |
| Provision for doubtful receivables | (8.92) |
| Items allowed on payment basis/temporary disallowances | (0.24) |
| Temporary differences in accounting treatment as required by income tax standards | (2.13) |
| **Deffered Tax Expense/(Income) in the Statement of Profit and Loss** | **(9.57)** |

**(b) Balance sheet**

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Deferred tax liability | |
| Accelerated depreciation for tax purpose | (1.72) |
| Deferred tax assets | |
| Provision for doubtful receivables | 8.92 |
| Items allowed on payment basis | 1.30 |
| Temporary differences in accounting treatment as required by income tax standards | 2.13 |
| **Deferred tax assets (net)** | **10.63** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**(c) Reconciliation of deferred tax assets**

| | As at March 31, 2023 |
|---|---|
| Opening balance | - |
| Tax expense / (income) during the period recognised in profit or loss | 9.57 |
| Tax expense / (income) during the period recognised in OCI | 1.06 |
| **Closing balance** | **10.63** |

### 8 Other financial assets

| | As at March 31, 2023 |
|---|---|
| Unbilled revenue (contract asset) * | 548.86 |
| Other recoverable from related parties (Refer note 31)^ | 146.78 |
| **Total** | **695.64** |

There were no advances due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which a director is a partner or a member.

* Unbilled revenue is net of impairment allowance of Rs. 24.02 as at the balance sheet date.

^ Represents amount backcharged for employee costs and recoverable on account of employees transferred from Group Companies (refer note 31)

### 9 Cash and cash equivalents

| | As at March 31, 2023 |
|---|---|
| **Cash and cash equivalents** | |
| Balances with banks | |
| - in current accounts | 835.52 |
| - in deposits with original maturity of less than three months# | 1,250.13 |
| **Total** | **2,085.65** |

#Short-term deposits are made for varying periods ranging between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

### 10 Loans

| | As at March 31, 2023 |
|---|---|
| **Unsecured, considered good** | |
| **At amortised cost** | |
| Employee loan | 0.31 |
| **Total** | **0.31** |

### 11 Other current assets

| | As at March 31, 2023 |
|---|---|
| **Unsecured considered good** | |
| Advances to suppliers | |
| (i) Related parties (Refer note 31) | 8.51 |
| (ii) Others | 2,547.78 |
| Advances to employees | 13.31 |
| Balances with government authorities | 382.26 |
| **Total** | **2,951.86** |

### 12 Share capital

| | As at March 31, 2023 |
|---|---|
| **Authorized shares** | |
| 10,000,000 equity shares of Rs. 10/- each | 1,000.00 |
| | **1,000.00** |
| Issued, subscribed and fully paid share capital | |
| 5,000,000 equity shares of Rs. 10/- each | 500.00 |
| **Total issued, subscribed and fully paid-up share capital** | **500.00** |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the period**

| | As at March 31, 2023 |
|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | |
| At the beginning of the period | - |
| Issued during the period | 500.00 |
| **At March 31, 2023** | **500.00** |

**(b) Terms/ rights 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.

*(All amounts in Rupees lakh, unless otherwise stated)*

**(c) Equity shares held by holding company**

| | As at March 31, 2023 |
|---|---|
| **Holding company** | |
| Thermax Limited | 325.00 |
| 32,50,000 equity shares of Rs. 10/- each fully paid | |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | As at March 31, 2023 |
|---|---|
| **Thermax Limited** | |
| % | 65.00 |
| No. of shares | 3,250,000 |
| **Everenviro Resource Management Private Limited** | |
| % | 35.00 |
| No. of Shares | 1,750,000 |

**13 Other equity**

| | As at March 31, 2023 |
|---|---|
| **Retained earnings** | |
| Opening balance | - |
| Add: Profit for the period | 115.33 |
| Less: Transaction costs for issued share capital | (2.05) |
| | **113.28** |
| Items of other comprehensive income recognized directly in retained earnings: | |
| Re-measurement (loss) on defined benefit plans (net of tax Rs. 1.06) | (3.21) |
| | **110.06** |
| **Total Retained earnings** | **110.06** |
| **Total** | **110.06** |

**14 Trade payables**

**(a) Current trade payables**

| | As at March 31, 2023 |
|---|---|
| Total outstanding dues of micro and small enterprises (Refer note 14(b)) | 949.17 |
| Total outstanding dues of creditors other than micro and small enterprises: | |
| (i) Related parties (Refer note 31) | 69.59 |
| (ii) Others | 1,208.04 |
| **Total** | **2,226.80** |

For terms and conditions with related parties, refer note 31.

Trade payables are non-interest bearing and are generally on terms of 30-90 days.

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | |
| (i) Outstanding dues of micro and small enterprises | 629.83 | 319.34 | - | - | - | 949.17 |
| (ii) Outstanding dues of creditors other than micro and small enterprises | 522.82 | 386.40 | - | - | - | 909.22 |
| (iii) Disputed dues of micro and small enterprises | - | - | - | - | - | - |
| (iv) Disputed dues of creditors other than micro and small enterprises | - | - | - | - | - | - |
| **Total** | **1,152.65** | **705.74** | **-** | **-** | **-** | **1,858.39** |
| Unbilled trade payables | | | | | | **368.41** |
| **Total** | | | | | | **2,226.80** |

(b) Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

| | | March 31, 2023 |
|---|---|---|
| i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | |
| | - Principal amount outstanding (whether due or not) to micro and small enterprises | 947.35 |
| | - Interest due thereon | 1.82 |
| ii) | The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | |
| iii) | The amount of payment made to the supplier beyond the appointed day during the period | - |
| iv) | 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 the MSMED Act, 2006 | - |
| v) | The amount of interest accrued and remaining unpaid at the end of each accounting year | 1.82 |
| vi) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - |

* Information in this regard is on basis of intimation received, on requests made by the Company, with regards to registration of vendors under the said Act.

**15 Other current liabilities**

| | As at March 31, 2023 |
|---|---|
| Unearned revenue | 1,489.16 |
| Customer advances | |
| (i) Related parties (Refer note 31) | 901.85 |
| (ii) Others | 1,750.76 |
| Payable for purchase of property, plant and equipment & intangible assets | |
| (i) Related parties (Refer note 31) | 31.78 |
| (ii) Others | 6.47 |
| Statutory dues and other liabilities* | 43.53 |
| **Total** | **4,223.55** |

* mainly includes tax deducted at source, provident fund, etc.

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

### 16 Other financial liabilities

| | As at March 31, 2023 |
|---|---|
| **At amortized cost** | |
| Employee related payables | 32.09 |
| Other payables | 0.09 |
| **Total** | **32.18** |

### 17 Current provisions

| | As at March 31, 2023 |
|---|---|
| **Provisions for employee benefits** | |
| Leave Encashment | 51.64 |
| Gratuity (Refer note 30) | 60.13 |
| **Total** | **111.77** |

### 18 Revenue from operations

**Revenue from contracts with customers:**

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Revenue from projects | 4,804.14 |
| **Total revenue from contracts with customers** | **4,804.14** |

i) Basis the contracts with customers the Company has only revenue in the category of 'Over a period of time'. Entire revenue during the period is within the geographical market of India.

**ii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| | As at March 31, 2023 |
|---|---|
| **Trade receivables (Refer note 5)** | 1,271.62 |
| Unbilled revenue (Contract asset) (Refer note 8) | 548.86 |
| Unearned revenue (Contract liability) (Refer note 15) | 1,489.16 |
| Customer advances (Contract liability)(Refer note 15) | 2,652.61 |

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on from projects and customised contracts. The Contract assets are transferred to Trade receivables on completion of milestones and its related invoicing.

The Contract liabilities relate to the unearned revenue and advance consideration received from customers and performance obligations still to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Company's cash position on specific projects.

**iii) Changes in unbilled revenue and unearned revenue for the period:**

The explanation of the significant changes in the contract asset and the contract liability balances during the reporting period is presented in the table below

| | March 31, 2023 |
|---|---|
| **Opening unbilled revenue** | - |
| Opening unearned revenue | - |
| - Transfer of contract assets to receivable | (5,720.42) |
| - Increase in revenue as a result of changes in the measure of progress | 4,804.14 |
| - Others* | (24.02) |
| Closing unbilled revenue (Refer note 8) | 548.86 |
| Closing unearned revenue (Refer note 15) | 1,489.16 |

* includes adjustments on account of impairment allowance for the period.

**iv) Performance obligations**

Performance obligation in project or a group of projects which are contracted at or near same time with the same or related parties and negotiated simultaneously, are combined for the purpose of evaluation. The Company has estimated that multiple commitments pertaining to engineering procurement and commissioning of such projects is a single performance obligation which is spread over different accounting periods.

There are no major contracts with customers which have significant financing component included within them and therefore there is no difference between the timing of satisfaction of performance obligation vis a vis the timing of the payment.

**(v) Remaining performance obligations**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| | March 31, 2023 |
|---|---|
| Amount of revenue yet to be recognised for contracts in progress | Nil |

The Company expects that a significant portion of the remaining performance obligation will be met in next 10-11 months.

The Company applies practical expedient included in para 121 of Ind AS 115 and does not disclose information about its remaining performance obligations for contracts that have an original expected duration of one year or less.

**vi) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

There is no significant variation between revenue recognised in Statement of profit and loss and contract price except price variation claims, which are considered to be part of contract price.

### 19 Other income

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Interest income from financial assets carried at amortized cost | 9.23 |
| **Total** | **9.23** |

### 20 Project bought-out and components consumed

| | As at March 31, 2023 |
|---|---|
| Inventories at the beginning of the period | - |
| Add: Purchases | 2,141.29 |
| Inventories at the end of the period | - |
| **Total** | **2,141.29** |

*(All amounts in Rupees lakh, unless otherwise stated)*

### 21 Employee benefits expense

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Salaries and wages | 297.00 |
| Contribution to provident and other funds | 17.46 |
| Gratuity expenses (Refer note 30) | 1.29 |
| Staff welfare expenses | 2.13 |
| **Total** | **317.88** |

### 22 Finance costs

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Interest expense | 1.82 |
| **Total** | **1.82** |

### 23 Depreciation expense

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Depreciation on property, plant and equipment (Refer note 4 (a)) | 12.03 |
| Amortization of intangible assets (Refer note 4 (b)) | 1.28 |
| **Total** | **13.31** |

### 24 (a) Other expenses

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Consumption of stores and spare parts | 0.21 |
| Site expenses and contract labour charges | 1,994.01 |
| Rent | 19.86 |
| Insurance | 3.54 |
| Repairs and maintenance | |
| - Others | 6.72 |
| Travelling and conveyance | 24.17 |
| Legal and professional fees (includes payment to auditors; Refer note 24 (b)) | 66.76 |
| Provision for impairment allowance of financial assets | 35.46 |
| Exchange fluctuation loss (net) | 0.99 |
| Miscellaneous expenses (includes printing and stationary, communication, etc.) | 30.59 |
| **Total** | **2,182.31** |

### 24 (b) Payment to auditors

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| **As auditor** | |
| - Statutory audit fee | 8.00 |
| **Total** | **8.00** |

### 25 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity (net of income tax) is shown below:

For the period ended March 31, 2023

| | Retained earnings |
|---|---|
| Re-measurement (losses)/gains on defined benefit plans | (3.22) |
| **Total** | **(3.22)** |

### 26 Earnings Per Share (EPS)

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Net profit attributable to the equity shareholders of the Company | 115.33 |
| Weighted average number of equity shares of Rs.10/- each (Nos.) | 5,000,000 |
| Basic and diluted EPS | 2.31 |

### 27 Contingent liabilities

The Company has issued various guarantees for performance, advances etc. The management has considered the probability for outflow of the same to be remote and accordingly no amounts has been disclosed here.

### 28 Capital and other commitments

a) There are no estimated amounts of contracts remaining to be executed at the period-end on capital account.

b) Lease commitments

**i) Company as lessee**

The Company has taken office building on cancellable operating lease. The tenure of such lease is for 11 months. Lease rentals are charged to the Statement of profit and loss for the period. There are no sub-leases. The lease is renewable on mutually agreeable terms. At the expiry of the lease term, the company has an option to terminate the agreement or extend the term by giving notice in writing. Since the contract is a cancellable contract, the entity has elected to apply the exemption available to short term leases under Ind AS 116 and has recognised the lease payments associated with those leases as an expense. Refer note 24 (a).

| | From August 12, 2022 to March 31, 2023 |
|---|---|
| Lease payments for the period | 19.86 |
| Future minimum lease rental payables under cancellable operating leases are as follows: | |
| Within one year | 11.35 |
| After one year but more than five years | - |
| More than five years | - |

### 29 Segment reporting

The Company's portfolio includes technology, engineering, procurement and construction services for Bio-CNG plants. The CEO of the Company Mr. Deodatta Deshpande, has been identified as the Chief Operating Decision Maker (CODM). For management purposes, the Company reports the details of operating segments as single segment for "energy and allied services". The CODM reviews the information for this single segment only. Accordingly, the Company has provided only geographical segment disclosures.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**Information of geographical areas-**

**Sales revenue by geographical markets**

| Particulars | From August 12, 2022 to March 31, 2023 |
|---|---|
| Within India | 4,804.14 |
| Outside India | - |
| Total | 4,804.14 |

Revenue of Rs. 4,392,85 are derived from two customers of the company that contributed more than 10% of the total revenue in current period.

**Non current assets by geographical segments***

| Particulars | From August 12, 2022 to March 31, 2023 |
|---|---|
| **Carrying amounts of non current assets** | |
| Within India | 188.65 |
| Outside India | - |
| **Total** | **188.65** |

*Non current assets includes all non-current assets other than financial instruments and deferred tax assets.

## 30 Gratuity

The Company operates a defined benefit plan viz. gratuity for its employees. Under the gratuity plan, every employee who has completed at least specified years of service gets a gratuity on departure at the rate of 15 days (minimum) of the last drawn salary for each completed year of service. The scheme is funded with an insurance Company in the form of qualifying insurance policy. The fund has formed a trust and it is governed by the Board of Trustees.

The fund is subject to risks such as asset volatility, changes in asset yields and asset liability mismatch risk. In managing the plan assets, Board of Trustees reviews and manages these risks associated with the funded plan. The Board of Trustees reviews the level of funding in the gratuity plan. Such a review includes asset-liability matching strategy and investment risk management policy (which includes contributing to plans that invest in risk-averse markets). The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

**I Changes in the net benefit obligation and fair value of plan assets are as follows :**

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|---|---|---|
| **Opening** | **-** | **-** | **-** |
| Current service cost | - | - | - |
| Interest expense / income | (1.64) | 0.35 | (1.29) |
| **Total amount recognised in the Statement of profit and loss** | **(1.64)** | **0.35** | **(1.29)** |
| Experience adjustments | - | - | - |
| Actuarial (gain)/loss from change in financial assumptions | (4.27) | - | (4.27) |
| Return on plan assets | - | - | - |
| **Total amount recognised in Other Comprehensive Income** | **(4.27)** | **-** | **(4.27)** |
| Transfer In | (63.99) | | (63.99) |
| Employer contributions | - | 9.42 | 9.42 |
| **March 31, 2023** | **(69.90)** | **9.77** | **(60.13)** |

**II The net liability disclosed above relates to funded plans are as follows :**

| | March 31, 2023 |
|---|---|
| Present value of funded obligation | (69.90) |
| Fair value of plan assets | 9.77 |
| **Surplus of funded plan** | **(60.13)** |

**III Significant estimates**

The significant actuarial assumptions were as follows :

| Particulars | March 31, 2023 |
|---|---|
| Discount rate | 7.40% |
| Salary growth rate | 7.00% |
| Normal retirement age | 60 years |
| Mortality table | Indian Assured Lives Mortality (2012-14) Ultimate |
| Employee turnover | 12.00% |

**IV Sensitivity analysis**

The sensitivity of defined obligation to changes in the weighted principal assumptions is:

| Assumption | Impact on defined benefit obligation |
|---|---|
| | March 31, 2023 |
| Discount rate | |
| 1.00% increase | Decrease by 3.56 |
| 1.00% decrease | Increase by 3.97 |
| Future salary increase | |
| 1.00% increase | Increase by 3.26 |
| 1.00% decrease | Decrease by 2.99 |
| Attrition Rate | |
| 1.00% increase | Decrease by 0.66 |
| 1.00% decrease | Decrease by 1.04 |

“The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The following are the expected cash flows to the defined benefit plan in future years:

| | March 31, 2023 |
|---|---|
| Within next 12 months | 8.52 |
| Between 2-5 years | 46.14 |
| > 5 years | 93.50 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years

The Company expects to contribute Rs.22 lacs to the gratuity fund in the next year.

**V The major categories of plan assets are as follows:**

| | March 31, 2023 |
|---|---|
| Investments with Insurer (LIC of India) | 100.00% |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**31 Related party disclosures**

**A Name of related parties and related party relationships**

**Related parties where control exists:**

**Holding Company and Ultimate Holding Companies**

| No. | Name of the entity | Place of business/ Country of incorporation | Ownership interest March 31, 2023 | Type |
|---|---|---|---|---|
| 1 | RDA Holdings Private Limited | India | 0% | Ultimate holding company |
| 2 | Thermax Limited | India | 65% | Holding Company |
| 3 | Everenviro Resource Management Pvt. Ltd. | India | 35% | Shareholder |

**B Related parties with whom transactions have taken place during the period:**

| Sr No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Limited | India |
| 2 | Thermax Onsite Energy Solutions Limited | India |
| 3 | Thermax Instrumentation Limited | India |
| 4 | Everenviro Resource Management Private Limited | India |

**C Key Management Personnel :**

1 Mr. Rajendran Arunachalam - Director (w.e.f. October 10, 2022)
2 Mr. B. C. Mahesh - Director (w.e.f August 12, 2022)
3 Mr. Kirtiraj Jilkar - Director (w.e.f. October 10, 2022)
4 Mr. Shekhar Kashalikar - Director (from October 10, 2022 to May 10, 2023)
5 Mr. Basant Kumar Jain - Director (w.e.f January 31, 2023)
6 Mr. Parvez Umbrikar - Director (from August 12, 2022 to September 15, 2022)
7 Mr. Rohit Talwalkar - Director (from September 14, 2022 to January 31, 2023)
8 Mr. Hemant Mohgaonkar - Director (w.e.f. May 11, 2023)
9 Mr. Deodatta Deshpande - Chief Executive Officer (w.e.f August 23, 2022)
10 Mr. Harish Tikotkar - Chief Financial Officer (w.e.f. October 10, 2022)

**D Individuals having significant influence over the Company by reason of voting power and their relatives :**

Mrs. Meher Pudumjee - Chairperson of Holding Company
Mrs. Anu Aga - Relative of Chairperson of Holding Company
Mr. Pheroz Pudumjee - Director of Holding Company
Mr. Zahaan Pudumjee - Relative of Chairperson of Holding Company

**E Transactions with related parties:**

| Particulars | Thermax Limited | Everenviro Resource Management Pvt. Ltd. | Thermax Instrumentation Limited | Thermax Onsite Energy Solutions Ltd. | Key management personnel and individuals mentioned in C | Total |
|---|---|---|---|---|---|---|
| Issue of Equity Shares | 325.00 | 175.00 | | | - | 500.00 |
| Remuneration of Key Management Personnel* | - | - | | | 29.91 | 29.91 |
| Revenue from projects | - | 2,792.22 | | | - | 2,792.22 |
| Recovery of expenses | 27.14 | - | | | - | 27.14 |
| Purchase of Property, plant & equipment | 26.93 | - | | | - | 26.93 |
| Purchase of project bought-out and components | 8.50 | - | | | - | 8.50 |
| Insurance | 1.00 | | | | | 1.00 |
| Legal and professional | 33.20 | | | | | 33.20 |
| Reimbursement of expenses** | 97.74 | | | | | 97.74 |
| Gratuity and leave encashment recoverable^ | 104.88 | - | 7.54 | 7.21 | - | 119.63 |
| Rent expenses | 19.86 | - | | | - | 19.86 |
| Interest income | - | - | | | 0.02 | 0.02 |

^During the year some employees have been transferred in the Company from other group Companies. The amount recoverable is on account of gratuity and leave encashment benefit continuation of such transferred employees.

**These amounts have been reimbursed to the Holding company

* Components of Remuneration to key management personnel

**II The net liability disclosed above relates to funded plans are as follows :**

| | March 31, 2023 |
|---|---|
| **(a) Salary #** | |
| Mr. Deodatta Deshpande | 19.31 |
| Mr. Harish Tikotkar | 10.60 |

# This does not include provision made for gratuity and leave encashment since the same is calculated for all employees of the Company as a whole.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**F Balances with related parties:**

| Particulars | Thermax Limited | Everenviro Resource Management Pvt. Ltd. | Thermax Instrumentation Ltd | Thermax Onsite Energy Solutions Ltd | Key management personnel and individuals mentioned in C | Total |
|---|---|---|---|---|---|---|
| | March 31, 2023 | March 31, 2023 | March 31, 2023 | March 31, 2023 | March 31, 2023 | March 31, 2023 |
| Trade receivables | - | 158.05 | - | - | - | 158.05 |
| Other receivables | 132.03 | - | 7.54 | 7.21 | - | 146.78 |
| Trade payables | 69.59 | - | - | - | - | 69.59 |
| Payable for purchase of property, plant and equipment & intangible assets | 31.78 | - | - | - | - | 31.78 |
| Supplier advances | 8.51 | - | - | - | - | 8.51 |
| Customer advances | - | 901.85 | - | - | - | 901.85 |
| Loan to KMP | - | - | - | - | 0.31 | 0.31 |
| Unearned Revenue | - | 1,375.35 | - | - | - | 1,375.35 |

**I Terms and conditions of related party transactions**

The sales to and purchases from related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash.

As at March 31, 2023 there have been performance bank guarantees provided to Everenviro Resource Management Pvt. Ltd. amounting to Rs. 1,544.50 lakhs. For the period ended March 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**32 Fair value measurements**

**a) Category of financial instruments and valuation techniques**

**Break-up of financial assets carried at amortised cost**

| | Note No | As at March 31, 2023 |
|---|---|---|
| Trade receivables | 5 (a) and 5 (b) | 1,271.62 |
| Cash and cash equivalents | 9 | 2,085.65 |
| Loans | 10 | 0.31 |
| Other financial assets | 8 | 695.64 |
| **Total** | | **4,053.22** |
| Current assets | | 3,897.93 |
| Non-current assets | | 155.29 |
| **Total** | | **4,053.22** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break up of financial liabilities carried at amortised cost**

| | Note No | As at March 31, 2023 |
|---|---|---|
| Trade payable | 14 | 2,226.80 |
| Other liabilities | 16 | 32.18 |
| **Total** | | **2,258.98** |
| Current liabilities | | 2,258.98 |
| **Total** | | **2,258.98** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**33 Financial risk management**

The Company's principal financial liabilities comprise 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 market risk, credit risk and liquidity risk. The Company's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**I Market risk**

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

**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 does not have any borrowings and hence there is no exposure to the risk of changes in market interest rates.

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. 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.

**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.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes 5 and 7 above. The charge of impairment to Statement of profit and loss is disclosed in note 24(a) above. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

*(All amounts in Rupees lakh, unless otherwise stated)*

**Financial instruments and bank deposits**

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 is the carrying amounts as disclosed in Note 8.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

The tables below summarises the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

| Particulars | Less than 1 year | 1 to 3 years | Total |
|---|---|---|---|
| **As at March 31, 2023** | | | |
| Trade payables (Refer note 14) | 2,226.80 | - | 2,226.80 |
| Other financial liabilities : | | | |
| - Employee related payables (Refer note 16) | 32.09 | - | 32.09 |
| - Other payables (Refer note 16) | 0.09 | - | 0.09 |
| Payable for purchase of property, plant and equipment & intangible assets (Refer note 15) | 38.25 | - | 38.25 |
| | **2,297.23** | **-** | **2,297.23** |

**34 Key Financial Ratios**

The following are analytical ratios for the period ended March 31, 2023 :

| Particulars | Numerator | Denominator | From August 12, 2022 to March 31, 2023 |
|---|---|---|---|
| Current Ratio | Current Assets | Current Liabilities | 1.04 |
| Return on equity ratio | Profit after tax | Shareholder's Equity | 0.19 |
| Debtors turnover ratio | Revenue from contracts with customers | Trade Receivables | 3.78 |
| Trade payables turnover ratio | Total Supplier Purchases# | Trade Payables | 1.93 |
| Net capital turnover ratio | Revenue from contracts with customers | Working Capital * | 18.80 |
| Net Profit ratio | Profit after tax | Revenue from contracts with customers | 0.02 |
| Return on capital employed (ROCE) | Profit before tax and Finance Cost | Capital Employed ** | 0.26 |
| Return on investment (ROI) | Profit after tax | Net worth | 0.19 |

**Explanations:**

* Total Current Assets - Total Current Liabilities

** Total Equity + Non-current borrowings + Deferred Tax

# Total Supplier purchases include project bought-outs, other expenses and staff welfare expenses

**35 Capital Management**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the period ended March 31, 2023. Capital represents equity attributable to Equity holders of the Company.

| | March 31, 2023 |
|---|---|
| Trade payables | 2,226.80 |
| Less: Cash and cash equivalents (includes deposits with original maturity of more than 3 months but less than 12 months) | (2,085.65) |
| **Net (surplus) / debt** | **141.15** |
| Equity | 610.06 |
| **Capital and net debt** | **751.21** |
| **Gearing ratio** | **18.79%** |

**36 Other Statutory Information**

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Company do not have any transactions with companies struck off.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) (A) The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) 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

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vi) The Company has not made any such 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).

(vii) The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

**37 Standards issued but not yet effective**

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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**(i) Ind AS 1 – Presentation of Financial Statements -** The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**(ii) Ind AS 12 – Income Taxes –** The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is in process of evaluating this amendment.

**(iii) Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors –** The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company has evaluated the amendment and there is no impact on its financial statements.

**38 Compliance with section 143(3) for maintenance of books of account**

With effect from August 5, 2022, the Ministry of Corporate Affairs (MCA) has amended the Companies (Accounts) Rules, 2014, relating to maintenance of electronic books of account and other relevant books and papers. Pursuant to this amendment, the Company is required to maintain the books of account which are accessible in India at all times and their backup is to be kept on servers located in India on a daily basis.

The status of compliance is summarised in the below table:

| Requirements u/s 143(3) of Companies Act, 2013 | Tally (upto January 31, 2023) | Oracle R12 (w.e.f February 1, 2023) | SAP Concur |
|---|---|---|---|
| Books of Account maintained on cloud / servers physically located in India | Yes | Yes | No |
| Backup maintained in India on daily basis | Refer note below* | Yes | No |
| Intimation sent to the ROC for the current year | Not required | Not required | No |

*The Company has defined process to take daily back-up of books of account maintained electronically and maintain the logs of the back-up of such books of account for cyclic period of 15 days only. Hence, this has not been considered as non-compliance with the provisions of The Companies (Accounts) Rules, 2014 (as amended), since, at any point of time, logs are available for a period upto 15 days for Tally. The Company has migrated from Tally to Oracle R12 application w.e.f. February 1, 2023.

**39** The Company has been incorporated on August 12, 2022. These are the first financial statements of the Company and accordingly there is comparative period to present.

**For S R B C & CO LLP**
Chartered Accountants
ICAI Firm Reg No.324982E/E300003

**per Sumit Kumar Agrawal**
Partner
Membership No. 135859

Date: May 11, 2023
Place: Pune

**For and on behalf of the Board of Directors of**
**Thermax Bioenergy Solutions Private Limited**

**Rajendran Arunachalam**
Director
DIN: 08446343

**Basant Kumar Jain**
Director
DIN: 00220395

**Deodatta Deshpande**
Chief Executive Officer

**Harish Tikotkar**
Chief Financial Officer

Date: May 11, 2023
Place: Pune

# ENERNXT PRIVATE LIMITED

***Board of Directors***
Bhavesh Chheda
Khushboo Bhatia
Deodatta Deshpande

***Registered Office***
Thermax House,
14, Mumbai – Pune Road,
Wakdewadi,Pune – 411003

***Auditors***
B. K. Khare & Co.
Chartered Accountants
Hotel Swaroop, 4th Floor, Lane No. 10,
Prabhat Road, Pune 411004

***Key Managerial Personnel***
Deepak Joshi (CFO)
Rohan Umbranikar (Manager upto July 26, 2022)
Ramkumar S. (Manager w.e.f. July 26, 2022)
Gunjan Chandratre (Company Secretary upto December 26,2022)
Kajal Kabra( Company Secretary w. e. f. March 16, 2023)

***Bankers***
HSBC Bank

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors present the Second Annual Report of the company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

(Rs. lakh)

| Particulars | 2022-2023 | 2021-2022 |
|---|---|---|
| Total income | 53.03 | 42.72 |
| Profit before depreciation and interest | 6.98 | 16.35 |
| Depreciation | - | - |
| Interest | - | - |
| Profit before tax | 6.98 | 16.35 |
| Provision for taxation (incl. deferred tax) | 2.08 | 4.11 |
| Profit after tax | 4.90 | 12.24 |

**STATE OF COMPANY'S AFFAIRS**

Enernxt Private Limited was incorporated on 5th January 2021 and there was no commercial business activity during the year. The company earned a total income of Rs 53.03 lakh from other income sources.

During the Financial Year 2021-22, the company acquired ~6 acre land for setting up a 10 Ton / Day Bio CNG plant in Payal, Ludhiana District, Punjab.

During the Financial Year 2022-23, the company has obtained regulatory approvals (11 out of 17 Approvals) from Government authorities for setting up the plant. Balance 6 approvals shall be received before Plant start up from June 23. Temporary Construction Power has been obtained & Permanent Power for Plant operation shall be available from June'23. Construction of the plant under progress.

The decision to set up its first Bio CNG plant in Punjab is to partially address the perennial problem of rice stubble burning in Punjab causing pollution issues in North India every year.

The company, in line with its green energy initiative, will set up more such Bio CNG plants in future. With the increased attention on climate change and planned progressive renunciation of coal and other fossil fuels, the market for agro-waste based CNG solutions is expected to grow steadily.

**HEALTH AND SAFETY**

The company will ensure focused and continuous improvement on its Safety and Health standards.

**MATERIAL CHANGES AFFECTNG FINANCIAL POSITION OF THE COMPANY**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the company.

**DIVIDEND**

The directors do not recommend any dividend on equity shares.

**AMOUNT PROPOSED TO BE CARRIED TO RESERVES**

The company does not propose to carry any amount to reserves.

**SHARE CAPITAL**

The Paid up Share Capital of the Company is Rs. 2,363 lakh. During the year under review, the company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

**PUBLIC DEPOSITS**

The company has not accepted any deposits under Chapter V of the Companies Act, 2013.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the company did not give any loan or make an investment pursuant to the provisions of Section 186 of the Companies Act, 2013.

**BUSINESS RISK MANAGEMENT**

The company is in the business of supply of Bio CNG to OMC (oil manufacturing companies) by producing the same in Bio CNG plant. It is susceptible directly and indirectly to govt. policies, global trends related to renewable energy and conservation of natural resources.

The company follows a structured risk management process supported by a Risk Management framework to manage risks emanating from external factors and internal actions. Risk Management is ingrained in the operations of the various functions of the company.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

Internal controls are reviewed by Internal Audit Department of the holding company on a periodical basis. Internal Audit is not applicable for the company as per section 138 of Companies Act and Rule 13 of the Companies (Accounts) Rules, 2014.

**KEY MANAGERIAL PERSONNEL (KMP)**

During the year, Mr. Rohan Umbranikar, Manager and KMP of the Company resigned with effect from July 26, 2023 and Mr. Selvaraj Ramkumar was appointed as Manager and KMP of the Company with effect from July 26, 2022. Further, Ms. Gunjan Chandratre, Company Secretary and KMP of the Company resigned with the effect from December 26, 2022 and Ms. Kajal Kabra was appointed as the Company Secretary and KMP of the Company with effect from March 16, 2023.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 2013 and the company's Articles of Association, Ms. Khushboo Bhatia (DIN: 09019736), Director retires by rotation and being eligible, offers herself for re-appointment.

**BOARD MEETINGS**

The Board met five times on May 9, 2022, July 26, 2022, September 12, 2022, January 4, 2023 and March 16, 2023 during the year. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. Details of meetings attended by the members are as follows:

| Board Members | Number of meeting attended |
|---|---|
| Mr. Bhavesh Chheda | 5 |
| Mr. Deodatta Deshpande | 4 |
| Ms. Khushboo Bhatia | 5 |

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) The Directors have 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 and of the profit and loss of the company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis; and

(e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**SECRETARIAL STANDARDS**

The Company follows the Secretarial Standards issued by the Institute of Company Secretaries of India on the Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2). The Company is in compliance with these secretarial standards.

**RELATED PARTY TRANSACTIONS**

All related party transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the Financial Statements.

**CONSERVATION OF ENERGY**

The company is in the business of supply of Bio CNG to OMCs. by producing the same in Plant. This activity directly helps to reduce Carbon Footprint.

**TECHNOLOGICAL ABSORPTION**

There was no technology acquisition and absorption during the year under review.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pertaining to foreign exchange earnings and outgo, under Section 134(3)(m) of the Companies Act, 2013 is as follows:

| | (Rs. in lakh) |
|---|---|
| Foreign exchange earnings | NIL |
| Foreign exchange outgo | NIL |

**PARTICULARS OF EMPLOYEES**

None of the employees are covered by the provisions contained in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 framed under the Companies Act, 2013.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The company is committed to provide a safe and conducive work environment to its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**AUDITORS**

B. K. Khare, Chartered Accountants, (Firm Registration No. 105102W) have been appointed as Statutory Auditors of the Company for a period of one year commencing from the conclusion of 1st Annual General Meeting (AGM) until the conclusion of the 2nd Annual General Meeting.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer.

**DETAILS REGARDING FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**RESTRICTION ON PURCHASE BY COMPANY OR GIVING OF LOANS BY IT FOR PURCHASE OF ITS SHARES**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company its Directors or Key Managerial Personnel, for purchase or subscribe shares of the Company.

**THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016. During the year there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

**ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for the support extended by the company's customers, vendors and bankers during the year and look forward to their continued support in the future as well.

**For and on behalf of the Board of Directors of**
**Enernxt Private Limited**

| | | |
|---|---|---|
| Pune, April 26, 2023 | **Bhavesh Chheda**<br>Director<br>DIN: 08558510 | **Deodatta Deshpande**<br>Director<br>DIN: 09019737 |

# ENERNXT PRIVATE LIMITED

**INDEPENDENT AUDITOR'S REPORT**

To the Members of EnerNxt Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of **EnerNxt Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year than ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and total comprehensive income, changes in equity and its cash flows for the period ended on that date.

**Basis for Opinion**

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

**Information other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

**Responsibilities of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial Statements, including the disclosures, and whether the financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial Statements.

    (g) In our opinion, the Company did not paid/ provided managerial remuneration to it's directors during the year/period and hence the provisions of Section 197 read with Schedule V to the Act are not applicable.

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

i. The Company does not have any pending litigations which would impact its financial position;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall: whether directly or indirectly lend or invest in other person or entities identifies in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provided any guarantee, security of the like on behalf of the Ultimate Beneficiaries;

    (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries; and

    (c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. The company has not declared and paid any dividend during the year/period.

vi. As proviso to rule 3(1) of the companies (Accounts) rules 2014, relating to audit trail feature of the company's accounting software is applicable to the company only with effect from financial year beginning April 1, 2023, the reporting under Clause (g) of the rule 11 of the companies (Audit and Auditors) Rules, 2014 is not applicable for the current year.

**For B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

**Amit Mahadik**
Partner
Membership No.: 125657
UDIN No: 23125657BGYTOR2270

Pune, April 26, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

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

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **EnerNxt Private Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

**Amit Mahadik**
Partner
Membership No.: 125657
UDIN No: 23125657BGYTOR2270

Pune, April 26, 2023

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

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

(1) i) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

ii) The property, plant and equipment and investment properties are physically verified by the Company once in two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. In accordance with the programme, the company has physically verified property, plant and equipment during the financial year and no material discrepancies were noted on such verification.

iii) According to the information and explanations given to us and based on the audit procedures performed by us, the title deed of immovable property is held in the name of the Company.

iv) According to the information and explanations given to us, the Company has not revalued any of its property, plant and equipment (including Right of use assets) or intangible assets or both during the year.

v) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2) i) According to the information and explanations given to us, the inventory comprising of rice/paddy straw has been physically verified at reasonable interval by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification between the physical inventory and book records.

ii) According to the information and explanations given to us, the Company has not 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 at any point of time during the year. Accordingly, the reporting under Clause 3 (ii) (b) is not applicable to the Company.

3) a) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or secured or unsecured loans to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanation given to us, the Company has not accepted deposits under the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under clause 3(v) of the order is not applicable to the Company.

6) The Company has not started its operations and hence reporting under Clause 3(vi) of the Order with respect to maintenance of cost records under sub-section (1) of Section 148 of the Act is not applicable to the Company.

7) i) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues pertaining to Income-tax have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

ii) According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Income Tax as on the last day of the year for a period of more than six months from the date they became payable.

iii) According to the information and explanation given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess as at 31 March 2023, which have not been deposited on account of any dispute.

8) According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

9) a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not availed any loans or other borrowings during the year. Accordingly, the reporting under Clause 3(ix) (a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.

c) According to the information and explanation given to us, Company has not obtained any term loan during the year. Hence reporting under clause (ix) (c) is not applicable.

d) In our opinion and according to information and explanations given to us and on overall examination of the Balance sheet of the Company, we report that company has not raised any short term or long-term loan during the year. Hence reporting under clause (ix) (d) is not applicable to company.

e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.

10) a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

b) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

11) a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

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

12) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

13) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

14) a) In our opinion and according to the information and explanations given to us and based on our examination, internal audit system is not applicable to the Company. Hence reporting under clause 3(xiv) is not applicable to the Company.

15) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

16) a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing finance activities Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.

c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) of the Order is not applicable to the Company.

d) Based on the information and explanations given to us, we report that the Group has one Core Investment Company.

17) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.

18) There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.

19) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

20) a) The company is not required to comply with the provisions of Section 135 of the companies act. Accordingly, reporting under clause 3(XX) (a) & (b) is not applicable to the company.

**For B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

**Amit Mahadik**
Partner
Membership No.: 125657
UDIN No: 23125657BGYTOR2270

Pune, April 26, 2023

## BALANCE SHEET as at 31.03.2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **I. Non-current assets** | | | |
| Property, plant and equipment | 4 | 440.98 | 439.90 |
| Capital work-in-progress | 4 | 708.38 | - |
| Deferred tax asset (net) | 6 | 6.31 | 6.31 |
| **Total non-current assets** | | **1,155.67** | **446.21** |
| **II. Current assets** | | | |
| Inventories | 8 | 71.53 | - |
| Financial assets: | | | |
| (a) Cash and bank balances | 9 | 741.80 | 187.42 |
| (b) Bank balances other than (a) above | 9(a) | - | 1,500.00 |
| (c) Other financial assets | 5 | 0.14 | 13.51 |
| Income tax asset (net) | | 3.52 | 1.41 |
| Other current assets | 7 | 409.39 | 208.94 |
| **Total current assets** | | **1,226.38** | **1,911.28** |
| **Total assets** | | **2,382.05** | **2,357.49** |
| **Equity and liabilities** | | | |
| **III. Equity** | | | |
| Equity share capital | 10 | 2,363.00 | 2,363.00 |
| Other equity | 11 | -1.63 | -6.53 |
| **Total equity** | | **2,361.37** | **2,356.47** |
| **IV. Non-current liabilities** | | | |
| Financial liabilities | | | |
| (a) Trade payables | 12 | | |
| i. total outstanding dues of micro enterprises and small enterprises | | - | - |
| ii. total outstanding dues of creditors other than micro enterprises and small enterprises | | 8.05 | 0.92 |
| Other current liabilities | 13 | 12.63 | 0.10 |
| **Total current liabilities** | | **20.68** | **1.02** |
| **Total equity and liabilities** | | **2,382.05** | **2,357.49** |
| Summary of significant accounting policies | 2 | | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | | |
| The accompanying notes are an integral part of the financial statements. | | | |

## Statement of profit and loss for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | | - | - |
| Other income | 14 | 53.03 | 42.72 |
| **Total Income (I)** | | **53.03** | **42.72** |
| **Expenses** | | | |
| Cost of raw materials consumed/ purchased | 15 (a) | 71.53 | - |
| Changes in inventories | 15 (b) | (71.53) | - |
| Employee benefits expense | 16 | 34.74 | 24.36 |
| Other Expenses | 17 (a) | 11.31 | 2.01 |
| **Total expenses (II)** | | **46.05** | **26.37** |
| **Profit before tax (III) = (I-II)** | | **6.98** | **16.35** |
| **Tax expense** | | | |
| Current tax | 6 | 2.08 | 4.11 |
| Deferred tax (net) | 6 | - | - |
| **Total tax expense (IV)** | | **2.08** | **4.11** |
| **Profit for the year (V) = (III-IV)** | | **4.90** | **12.24** |
| **Other comprehensive income** | | | |
| Other comprehensive income | | - | - |
| Items that will not be reclassified to profit or loss | | - | - |
| **Net other comprehensive income for the year (net of tax)** | | **-** | **-** |
| **Total comprehensive income for the year** | | **4.90** | **12.24** |
| Earning per equity share (Basic and Diluted) [Nominal value per share Rs. 10/-] | 18 | **0.02** | **0.05** |
| Summary of significant accounting policies | 2 | | |
| Summary of significant accounting judgements, estimates and assumptions | 3 | | |
| The accompanying notes are an integral part of the financial statements. | | | |

**For B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration No.: 105102W

**Amit Mahadik**
Partner
Membership No: 125657

Date : 26/04/2023

Place: Pune

**For and on behalf of the Board of Directors of Enernxt Private Limited**

**Bhavesh Chheda**
Director
DIN: 08558510

**Deodatta Deshpande**
Director
DIN: 09019737

**Kajal Kabra**
Company Secretary

**Deepak Joshi**
Chief Financial Officer

Date : 26/04/2023

Place: Pune

# ENERNXT PRIVATE LIMITED

## Statement of changes in equity for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**A Equity Share Capital^**

| Particulars | Note No. | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| Balance at the beginning of the reporting year | 10 | 2,363.00 | - |
| Changes in equity shares capital during the year | 10 | - | 2,363.00 |
| Balance at the end of the reporting year | 10 | **2,363.00** | **2,363.00** |

**B Other Equity^**

| Particulars | Reserves & Surplus | |
|---|---|---|
| | Retained Earnings | Total |
| **Profit for the year** | **12.24** | **12.24** |
| Other Comprehensive Income | - | - |
| **Total comprehensive income** | **12.24** | **12.24** |
| Less :Cost of Issuing Own Equity Instrument (Net of Deferred tax of Rs.6.31 lacs) | 18.77 | 18.77 |
| **As at March 31, 2022** | **-6.53** | **-6.53** |
| Profit for the year | 4.90 | 4.90 |
| Other Comprehensive Income | - | - |
| Total comprehensive income | 4.90 | 4.90 |
| As at March 31, 2023 | -1.63 | -1.63 |
| **As at March 31, 2023** | **-6.53** | **-6.53** |

## Cash flow statement for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

| | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **A)** | **Cash flows from operating activities** | | |
| | Profit before tax | 6.98 | 16.35 |
| | **Adjustments to reconcile profit before tax to net cash flows** | | |
| | Bad debts written off | 1.00 | - |
| | Interest income | (53.03) | (42.72) |
| | **(Increase) / Decrease in trade receivables** | (1.00) | - |
| | (Increase) / Decrease in inventories | (71.53) | - |
| | (Increase) / Decrease in other assets | (200.45) | (208.94) |
| | Increase / (Decrease) in trade payables | 7.13 | 0.92 |
| | Increase / (Decrease) in other liabilities | 12.53 | 0.10 |
| | Increase / (Decrease) in other liabilities | 0.10 | 0.10 |
| | **Cash generated from operations** | **(298.37)** | **(234.29)** |
| | Direct taxes paid (net of refunds received) | (4.19) | (5.52) |
| | **Net cash flows from operating activities** | **(302.56)** | **(239.81)** |
| **B)** | **Cash flows from/ (used in) investing activities** | | |
| | Purchase of Property, plant and equipment (net) | (709.46) | (439.90) |
| | Interest received | 66.40 | 29.21 |
| | Proceeds from fixed deposits/(investment) in fixed deposits | 1,500.00 | (1,500.00) |
| | **Net cash flows (used in) investing activities** | **856.94** | **(1,910.69)** |
| **C)** | **Cash flows from/ (used in) financing activities** | | |
| | Proceeds from issue of share capital | - | 2,363.00 |
| | Share issue expenses | - | (25.08) |
| | **Net cash flows from/(used in) financing activities** | **-** | **2,337.92** |
| | **Net increase in cash and bank balances** | **554.38** | **187.42** |
| | Cash and bank balances at the beginning of the year | 187.42 | - |
| | **Cash and bank balances at the end of the year** | **741.80** | **187.42** |

Reconciliation of cash and bank balances as per the cash flow statement:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash and bank balances (Refer note 9) | 741.80 | 187.42 |
| **Balances as per statement of cash flows** | **741.80** | **187.42** |

**For B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration No.: 105102W

**Amit Mahadik**
Partner
Membership No: 125657

Date : 26/04/2023

Place: Pune

**For and on behalf of the Board of Directors of**
**Enernxt Private Limited**

**Bhavesh Chheda**
Director
DIN: 08558510

**Deodatta Deshpande**
Director
DIN: 09019737

**Kajal Kabra**
Company Secretary

**Deepak Joshi**
Chief Financial Officer

Date : 26/04/2023

Place: Pune

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

## 1. Corporate information

Enernxt Private Limited ('the Company') is a private limited Company incorporated and domiciled in India. The address of the registered office is Thermax House, 14, Mumbai Pune road, Wakdewadi, Pune.

During the Financial Year 2022-23, the Company has obtained regulatory approvals (11 out of 17 Approvals) from Government authorities for setting up the plant. Balance 6 approvals shall be received before Plant start up from June 23. Temporary Construction Power has been obtained & Permanent Power for Plant operation shall be available from June'23. Construction of the plant under progress.

The Board of Directors have authorized to issue these financial statements on Apr 26, 2023. The CIN of the Company is U40107PN2021PTC197447.

**2. Significant accounting policies**

**2.1. Basis of preparation, measurement and transition to Ind AS**

**(a) Basis of preparation**

These financials statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act,2013 ('the Act') (to the extent notified) and the guidelines issued by the securities and exchange board of India (SEBI).The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules,2016 and 2017.

The preparation of the financial statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies.

**(b) Basis of measurement**

The financial statements have been prepared on under historical cost convention.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh except when otherwise indicated.

**2.3 Summary of significant accounting policies**

**a. Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

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

**b. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

**Initial Recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**c. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**d. Earnings per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

**e. Revenue from Sale of goods**

The Company recognizes revenue at a point-in-time. The point-in-time is determined when the control of the goods or services is transferred which is determined based on when the significant risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time where control has been transferred.

**f. Interest Income**

Interest income is recognised when it is probable that economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**g. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**h. Property, Plant and Equipment**

Property, plant and equipment (PPE) is stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

**3. Significant accounting judgments, estimates and assumptions.**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**3a. Recent Accounting Pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

i. Ind AS 1 – Material accounting policies - The amendments mainly related to shifting of disclosure of erstwhile "significant accounting policies" in the notes to the financial statements to material accounting policy information requiring companies to reframe their accounting policies to make them more "entity specific. This amendment aligns with the "material" concept already required under International Financial Reporting Standards (IFRS).

ii. Ind AS 8 – Definition of accounting estimates - The amendments specify definition of 'change in accounting estimate' replaced with the definition of 'accounting estimates'.

iii.Ind AS 12 – Annual Improvements to Ind AS (2021) - The amendment clarifies that in cases of transactions where equal amounts of assets and liabilities are recognised on initial recognition, the initial recognition exemption does not apply. Also, If a company has not yet recognised deferred tax asset and deferred tax liability on right-of-use assets and lease liabilities or has recognised deferred tax asset or deferred tax liability on net basis, that company shall have to recognise deferred tax assets and deferred tax liabilities on gross basis based on the carrying amount of right-of-use assets and lease liabilities existing at the beginning of 1 April 2022.

The Company is currently assessing the impact of application of these amendments on its financial statements.

**4 Property, plant and equipment**

| Particulars | Freehold Land | Total | Capital work in progress |
|---|---|---|---|
| Additions | **439.90** | **439.90** | **-** |
| Disposals | **-** | **-** | |
| **Gross carrying amount as at March 31, 2022** | **439.90** | **439.90** | **-** |
| Additions | **1.08** | **1.08** | **708.38** |
| Disposals | **-** | **-** | |
| **Gross carrying amount as at March 31, 2023** | **440.98** | **440.98** | **708.38** |
| Charge for the year | - | - | - |
| Disposals | - | - | - |
| Closing accumulated depreciation as at March 31, 2022 | - | - | - |
| Charge for the year | - | - | - |
| Disposals | - | - | - |
| Closing accumulated depreciation as at March 31, 2023 | - | - | - |
| **Net Block as at March 31, 2023** | **440.98** | **440.98** | **708.38** |
| **Net Block as at March 31, 2022** | **439.90** | **439.90** | **-** |

## Notes to financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**Ageing of Capital work in progress (CWIP) :**

| CWIP | | Amount in CWIP for a period of | | | Total |
|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | |
| Project in Progress | 31 March 2023 | **708.38** | - | - | **708.38** |
| | 31 March 2022 | - | - | - | - |

### 5 Other Financial assets

| Particulars | Non -current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 | As at March 31, 2022 |
| **Unsecured, considered good** | | | | |
| **At amortized cost** | | | | |
| Interest accrued on bank deposits and others | - | | 0.14 | 13.51 |
| **Total** | | - | **0.14** | **13.51** |

### 6 Income Taxes

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

**Statement of profit and loss**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current tax | 2.08 | 4.11 |
| Deferred tax (income)/ expense (Relating to obligations and reversal of temporary differences) | - | - |
| **Income tax expense reported in the statement of profit and loss** | **2.08** | **4.11** |

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2022**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Accounting profit before tax | 6.98 | 16.35 |
| At India's statutory income tax rate of 26% | 1.81 | 4.12 |
| Reversal of excess provision of earlier years | - | - |
| Impact of change in tax rate for future period | - | - |
| Other differences (includes differences on account of CSR disallowances etc.) | 0.26 | - |
| Effective tax | 2.07 | 4.12 |
| **Income tax expense reported in the statement of profit or loss** | **2.08** | **4.11** |

**Deferred tax**

**Statement of profit and loss**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Others (impact on account of temporary differences) | - | - |
| **Deferred tax income** | **-** | **-** |

**Deferred tax**

**Balance sheet**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Deferred tax relates to the following :** | | |
| Others (impact on account of temporary differences)(Refer Note 10) | 6.31 | 6.31 |
| **Net deferred tax assets** | **6.31** | **6.31** |

**Reconciliation of deferred tax assets**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Opening balance** | **-** | **-** |
| Tax expense / (income) during the period recognised in profit or loss | - | - |
| Tax expense / (income) during the period recognised in OCI | - | - |
| **Closing balance** | **-** | **-** |

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

### 7 Other current assets

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Unsecured considered good** | | |
| Balances with government authorities | 119.23 | 10.34 |
| Advances to suppliers | 289.15 | - |
| Advance to group companies (note 30) | - | 197.60 |
| Prepaid expenses | 1.01 | - |
| Other amount recoverable | - | 1.00 |
| **Total** | **409.39** | **208.94** |

There were no advances due by directors or other officers of the Company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

### 8 Inventories (valued at lower of cost and net realizable value)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Raw materials | 71.53 | - |
| **Total** | **71.53** | **-** |

### 9 Cash and bank balances

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Balances with banks | | |
| - on current accounts | 231.80 | 37.42 |
| - in deposits with original maturity of less than three months | 510.00 | 150.00 |
| **Total** | **741.80** | **187.42** |

Short-term deposits are made for varying periods of between one dayand three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

## Notes to financial statements for the year ended March 31, 2023

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

### 9a Other Bank Balances

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Bank deposits with maturity of less than 12 months | - | 1,500.00 |
| **Total** | **-** | **1,500.00** |

### 10 Share Capital

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Authorized shares (Nos)** | | |
| 2,50,00,000 equity shares of Rs. 10/- each. | 2,500.00 | 2,500.00 |
| | **2,500.00** | **2,500.00** |
| **Issued, subscribed and fully paid share capital (Nos)** | | |
| 2,36,30,000 equity shares of Rs. 10/- each. | 2,363.00 | 2,363.00 |
| **Total issued, subscribed and fully paid-up share capital** | **2,363.00** | **2,363.00** |

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| | No. of shares | Rs. |
|---|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | | |
| Changes during the year | 23,630,000.00 | 2,363.00 |
| As at March 31, 2022 | 23,630,000.00 | 2,363.00 |
| Changes during the year | | |
| **As at March 31, 2023** | **23,630,000.00** | **2,363.00** |

**(b) Terms/ rights 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.

**(c) Equity share capital held by holding company**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Thermax Onsite Energy Solutions Limited | | |
| 2,36,29,999 equity shares of Rs. 10/- each fully paid up | 2,363.00 | 2,363.00 |

**(d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Thermax Onsite Energy Solutions Limited | | |
| % | 100.00 | 100.00 |
| No. of shares | 23,629,999.00 | 23,629,999.00 |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

### 10 Other Equity

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Reserves and Surplus** | | |
| **Retained earnings** | | |
| Opening balance | (6.53) | - |
| Add: Profit for the year | 4.90 | 12.24 |
| Less: Share issue expenses | - | 25.08 |
| Less: Tax on share issue expenses | - | (6.31) |
| Movement during the year | 4.90 | (6.53) |
| **Items of other comprehensive income recognised directly in retained earnings:** | | |
| **Net surplus in the statement of profit and loss** | **(1.63)** | **(6.53)** |
| **Total** | **(1.63)** | **(6.53)** |

### 12 Trade payables

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Trade payables** | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| (i) Related Parties | - | - |
| (ii) Others | 8.05 | 0.92 |
| **Total** | **8.05** | **0.92** |

Details of dues to micro and small enterprises as defined under The Micro, Small and Medium enterprises Development (MSMED) Act 2006

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year** | | |
| -Principal amount outstanding (whether due or not) to micro and small enterprises | - | - |
| -Interest due thereon | - | - |
| The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of payment made to the supplier beyond the appointed day during the year | - | - |
| 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 the MSMED Act, 2006 | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**The ageing of current trade payables which are due for payment :**

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2023** | | | | | | | |
| (i) MSME | | | | | | | |
| (ii) Others | | 1.80 | 6.25 | - | - | - | **8.05** |
| (iii) Disputed dues- MSME | | | | | | | |
| (iii) Disputed dues- Others | | | | | | | |

| Particulars | Not Due | Unbilled | Outstanding for the following period from due date of payments | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than a year | 1-2 years | 2-3 years | More than 3 years | |
| **As at March 31, 2022** | | | | | | | |
| (i) MSME | | | | | | | |
| (ii) Others | | 0.81 | 0.11 | - | - | - | **0.92** |
| (iii) Disputed dues- MSME | | | | | | | |
| (iii) Disputed dues- Others | | | | | | | |

**13 Other liabilities**

| | Non -current | | Current | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Statutory dues payable** | - | - | 12.63 | 0.10 |
| **Total** | **-** | **-** | **12.63** | **0.10** |

** includes tax deducted at source

**14 Other income**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Interest income from financial assets at amortised cost | | |
| Bank deposits | 52.97 | 42.72 |
| Others | 0.06 | - |
| **Total** | **53.03** | **42.72** |

**15(a) Cost of raw materials consumed/purchased**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Inventories at the beginning of the year** | **-** | **-** |
| Add: Purchases * | 71.53 | - |
| | **71.53** | **-** |
| Inventories at the end of the year | 71.53 | - |
| | - | - |
| Less: capitalised during the year | | |
| **Total** | **71.53** | **-** |

**15(b) Changes in inventories**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Inventories at the beginning of the year | - | - |
| Less: inventories at the end of the year | 71.53 | - |
| **Total** | **(71.53)** | **-** |

**16 Employee benefits expense**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Salaries,wages and bonus | 34.74 | 24.36 |
| Staff welfare expenses | - | - |
| **Total** | **34.74** | **24.36** |

**17 (a) Other expenses**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Rent | 2.32 | - |
| Insurance | 0.12 | - |
| Travelling and conveyance | 2.64 | - |
| Legal and professional fees (includes payment to Auditor (refer note (b)) | 2.36 | 2.01 |
| Bad debts/ advances written off | 1.00 | - |
| Miscellaneous expenses | 2.87 | - |
| | 11.31 | 2.01 |
| Less: capitalised during the year | - | - |
| **Total** | **11.31** | **2.01** |

**(b) Payment to auditors**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| As auditor: | | |
| Audit fees | 2.00 | 0.90 |
| Limited reviews | - | - |
| Reimbursement of expenses/Other | - | 0.10 |
| **Total** | **2.00** | **1.00** |

**18** The company was formed on 5th Jan 2021. Comparative figures are for the period of 5th Jan 2021 to 31st March 2022.

**19 Earnings per share**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net profit after tax attributable to the equity shareholders (Rs. In lacs) | 4.90 | 12.24 |
| Weighted average number of equity shares of Rs.10/- each | 23,630,000 | 23,500,521 |
| Basic and diluted EPS | **0.02** | **0.05** |

**18 Related party disclosures**

**A Names of related parties and related party relationship:**

**Related parties where control exists**

**I Ultimate Holding Company**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | RDA Holdings Private Limited | India |

**II Holding Company**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Onsite Energy Solutions Limited | India |

*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**B Related parties with whom transactions have taken place during the year :**

| Sr. No. | Name of the entity | Place of business/ Country of incorporation |
|---|---|---|
| 1 | Thermax Limited | India |
| 2 | Thermax Onsite Energy Solutions Limited | India |

**(c) Key Management Personnel:**

| | |
|---|---|
| 1 | Mr. Bhavesh Chheda - Director |
| 2 | Mr. Deodatta Deshpande - Director |
| 3 | Ms. Khushboo Bhatia - Director |
| 4 | Mr. Deepak Joshi - Chief Financial Officer |
| 5 | Ms. Kajal Kabra - Company Secretary |

**D Transactions with related parties:**

| | Holding Company | | Total | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **a. Transactions during the year** | | | | |
| Reimbursement of expenses | 51.28 | 100.01 | 51.28 | 100.01 |
| Purchase of property, plant and equipment (Including GST) | 752.26 | 197.60 | 752.26 | 197.60 |
| Subscription to shares issued | | 2,363.00 | - | 2,363.00 |

| | Holding Company | | Total | |
|---|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| **b. Balances as at reporting date** | | | | |
| Advances given | - | 197.60 | - | 197.60 |

**E Related party transactions include transactions pertaining to the following parties with whom the transactions are considered to be individually significant.**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Reimbursement of expenses** | | |
| Thermax Onsite Energy Solutions Limited, India * | 43.94 | 100.01 |
| Thermax Limited, India | 7.34 | |
| **Purchase of property, plant and equipment** | | |
| Thermax Limited, India | 752.26 | 197.60 |
| **Subscription to shares issued** | | |
| Thermax Onsite Energy Solutions Limited, India | - | 2,363 |

* These amounts have been reimbursed to the Holding company.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Balances as at the year end** | | |
| **Advances given** | | |
| Thermax Limited, India | - | 197.60 |

**F Terms and conditions of related party transactions**

The sales to and purchases from related parties are assessed to be at arm's length transactions by the management. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash.

There have been no guranatees provided or received for any related party receivables or payables. For the year ended March 31, 2023 and March 31, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties.

**21 Fair value measurements**

**(a) Category of financial instruments and valuation techniques**

**Details of financial assets carried at amortised cost**

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2023 |
|---|---|---|---|
| Other financial assets | 5 | 0.14 | 13.51 |
| Other bank balances | 9(a) | - | 1,500.00 |
| Cash and bank balances | 9 | 741.80 | 187.42 |
| **Total financial assets** | | **741.94** | **1,700.93** |
| Current Assets | | 741.94 | 1,700.93 |
| Non-current assets | | - | - |
| **Total financial assets** | | **741.94** | **1,700.93** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Details of financial assets carried at fair value through profit and loss**

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Financial assets** | | | |
| Investments | | - | - |
| **Total financial assets** | | **-** | **-** |
| Current assets | | - | - |
| Non-current assets | | - | - |
| **Total financial assets** | | **-** | **-** |

**Details of financial liabilities carried at amortised cost**

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Trade payables | 12 | 8.05 | 0.92 |
| **Total financial liabilities** | | **8.05** | **0.92** |
| Current liabilities | | 8.05 | 0.92 |
| Non-current liabilities | | - | - |
| **Total financial liability** | | **8.05** | **0.92** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**b) Fair value hierarchy**

No items related to fair value measurement hierarchy of the Company's assets and liabilities.

**22 Financial risk management**

The Company's principal financial liabilities, comprise 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 Interest accrued on bank deposits and cash and bank balances

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk activities are governed by appropriate policies and procedures and the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts are in Rupees Lakh, except per share data and unless stated otherwise)*

**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.

**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 institutionsand other financial instruments.

**Financial instruments and bank deposits**

Credit risk from balances with banks and financial institutions is managed by the group treasury department in accordence with the Thermax group policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and bank balances, the basis of expected cash flows. This is generally carried out by the company in accordance with practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the company operates.

**(i) Maturities of financial liabilities**

The tables below analyse the company's financial liabilities into relevant maturity profile on their contractual maturities for :

| March 31, 2023 | Note No. | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Trade Payables | 12 | 8.05 | - | - | - |

| March 31, 2022 | Note No. | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Trade Payables | | 0.92 | - | - | - |

*Represents contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the balance sheet because the balance sheet amount is based on discounted cash flows.

**23 Capital Management**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long- term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. No changes were made in the objectives, policies or processes during the years ended March 31, 2022 and March 31, 2021. Capital represents equity attributable to equity holders of the Parent Company.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Borrowings | - | - |
| Trade payables | 8.05 | 0.92 |
| Less: Cash and bank balances | 741.94 | 200.93 |
| **Net debt** | **(733.89)** | **(200.01)** |
| **Equity** | 2,361.37 | 2,356.47 |
| **Capital and net debt** | **1,627.48** | **2,156.46** |
| **Gearing ratio** | **-45.09%** | **-9.27%** |

**24 Segment information**

**Sales revenue by geographical segment**

The company has not started it's operations yet, thus no revenue from sales are generated during the year.

**Carrying amount of non current assets**

| **Particulars** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| Carrying amount of non current assets | | |
| Assets within India | 440.98 | 439.90 |
| Assets outside India | - | - |
| **Total** | **440.98** | **439.90** |

**Addition to non current assets**

| **Particulars** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| Assets within India | 1.08 | 439.90 |
| Assets outside India | - | - |
| **Total** | **1.08** | **439.90** |

**25 Ratios**

| **Particulars** | **Numerator** | **Denominator** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|---|---|
| Current Ratio | Current Assets | Current Liabilities | 59 | 1,874 |
| Return on Equity Ratio | Net Profits after taxes | Shareholder's Equity | 0.002 | 0.005 |

Since commercial operations of the Company are not initiated, disclosures related to analytical ratios, as per the requirement of Ind AS Schedule III of the Companies Act, 2013, are made to the extent applicable.

**For B. K. Khare & Co.**
Chartered Accountants
ICAI Firm Registration No.: 105102W

**Amit Mahadik**
Partner
Membership No: 125657

Date : 26/04/2023

Place: Pune

**For and on behalf of the Board of Directors of**
**Enernxt Private Limited**

**Bhavesh Chheda**
Director
DIN: 08558510

**Deodatta Deshpande**
Director
DIN: 09019737

**Kajal Kabra**
Company Secretary

**Deepak Joshi**
Chief Financial Officer

Date : 26/04/2023

Place: Pune

# First Energy TN 1 Private Limited

| Board of Directors | Registered Office | Auditors |
|---|---|---|
| Mitish Somani<br>Ravi Damaraju<br>Anjali Lothe<br>Sanjay Parande<br>Ashok Joshi | Thermax House,<br>14, Mumbai – Pune Road, Wakdewadi,<br>Pune – 411003 | Price Waterhouse & Co.<br>Chartered Accountants LLP<br>7th Floor, Business Bay, Tower A,<br>Wing -1, Airport Road,<br>Yerwada, Pune 411006 |

| Key Managerial Personnel | Bankers | Corporate Office |
|---|---|---|
| Ravi Damaraju, WTD<br>Mitish Somani, CFO<br>Sampada Sakhare, CS | ICICI Bank | Unit No. 601, 6th Floor,<br>Cello Platina, F.C. Road,<br>Shivajinagar, Pune 411005 |

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the First Annual Report of the Company for the year ended March 31, 2023

**FINANCIAL RESULTS**

The Company's Financial performance from the date of incorporation till March 31, 2023 is summarized below :

(Rs. in Lakh)

| Particulars | For the period ended on FY March 31, 2023 |
|---|---|
| Total income | 222.73 |
| Profit/(Loss) before depreciation | (27.68) |
| Depreciation and impairment | 69.52 |
| Profit/(Loss) before tax | (97.20) |
| Provision for taxation (incl. deferred tax) | - |
| Items that not to be reclassified to profit or loss | - |
| Profit/(Loss) after tax | (97.20) |

**State of Company's Affairs**

The Company is incorporated on January 29, 2022. During the year, the Company launched a Renewable Energy Project with a capacity of 16MWp, and Solar PV Monocrystalline modules are used for electricity generation.

The plant is commissioned and is in operation from December 23, 2022.

**Material changes affecting the Financial Position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

**Dividend**

The directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the company has not transferred any amount to the General Reserve.

**Share Capital**

The Paid-up Share Capital of the Company is Rs. 22,00,00,000 divided into 2,20,00,000 euatity shares of Rs.10 each. The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures, and Associates**

The Company does not have any Subsidiary, Joint Venture, or Associate Company as on March 31, 2023.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not make any investment nor did the company give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

**Restriction on purchase by the Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or to subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of risks in its Renewable Energy business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involves risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also contracts competent local infra partners having experience and capability.

- **Renewable Sources and Grid Availability**

  The risk identified by the Company is lower generation on account of lower radiation and Grid failures. The Company continuously studies the radiation levels with historical data from reliable sources and accordingly sizes the plant and the financial models for arriving at the right tariff for the available conditions. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk results in revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance. The Company is also using waterless robotic technology for cleaning modules and therefore manpower dependency is reduced.

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

During the year the Company took below health and safety initiatives:

1. Implementation of the simultaneous operational procedure with job safety analysis
2. 1st surveillance audit is completed and findings after the Commercial Operation Date (COD) are circulated & discussed with asset management for closure.
3. Successful completion of COD with zero Lost Time Injury (LTI) / medical case and achieved 72000 safe manhours during construction.

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

During the year, based on the recommendations of the Nomination and Remuneration Committee, Mr. Ashok Joshi (DIN 02296952) and Mr. Sanjay Parande (DIN 07161299) were appointed as Additional Independent Directors of the Company w.e.f. December 23, 2022. Mr. Harpreet Singh resigned as a director w.e.f. 31.03.2023.

The Board believes that both independent directors possess the requisite skills, expertise and experience and have obtained registration certificates pursuant to the provision of section 150(3) of the Companies Act, 2013, read with Rule 6 of the Companies (Appointment and Qualification of Directors) Amendment Rules, 2020 from the Indian Institute of Corporate Affairs.

The Company has received the necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

The Indepndent Directors met once during the Financial year 2022-23 on February 1, 2023.

**Policy on directors' appointment and remuneration**

In terms of Section 178(3) of the Companies Act, 2013, the Company has adopted the Policy on directors' appointment and remuneration. The said policy is enclosed as Annexure – 1 to this Report.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its performance and of its individual Directors.

**Key Managerial Personnel**

During the year, the Company has appointed Mr. Ravi Damaraju (09554649) as a whole time director, Ms. Sampada Sakhare as a Company Secretary and Mr. Mitish Somani as a Chief Financial Officer of the Company in terms of Section 203 of the Companies Act, 2013.

**Disclosure of commission to whole-time director**

During the year the Company has not paid any remuneration to the whole-time director.

**Board Meetings**

The Board met six times during the year under review, on June 22, 2022, September 5, 2022, November 10, 2022, December 5, 2022, December 23, 2022, and February 2, 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Board Committees**

<u>Audit Committee</u>

The Board constituted the Audit Committee of its members w.e.f. December 23, 2022, and adopted Terms of Reference as stipulated in the Companies Act, 2013. the Audit Committee met once during the year under review on February 1, 2023. The composition of the Audit Committee is as under:

Mr. Sanjay Parande – Chairman

Mr. Ashok Joshi

Mr. Mitish Somani

<u>Nomination and Remuneration Committee</u>

The Board constituted the Nomination and Remuneration Committee of its members w.e.f. December 23, 2022, and adopted Terms of Reference as stipulated in the Companies Act, 2013. The Nomination and Remuneration Committee met once during the year under review on February 1, 2023. The composition of the Nomination and Remuneration Committee is as under:

Mr. Ashok Joshi – Chairman

Mr. Sanjay Parande

Mr. Ravi Damaraju

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

b) The Directors have 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 and of the profit and loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, RPTs were placed before the Board or Audit Committee for approval. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the financial statements.

The Company has adopted the Related Party Transaction Policy of Thermax Limited, the ultimate holding company of the Company, which is applicable to all subsidiaries of Thermax Limited.

# First Energy TN 1 Private Limited

**Financial Statements**

Pursuant to Section 2(41) of the Companies Act, 2013, the financial year of the companies incorporated after the 1st day of January of a year shall end on the 31st day of March of the following year, in respect whereof the financial statement of the company is made up. Accordingly, the Company has prepared the financial statements from the date of incorporation to March 31, 2023, as per Schedule III to the Companies Act, 2013, as amended from time to time.

**Maintenance of Cost Records**

The requirement for maintenance of the Cost Records pursuant to Section 148(1) of the Companies Act, 2013, is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind and associated Renewable energy generation sources for commercial & industrial customers. As a part of its "Build-Green" initiatives, the Company has installed solar powered Robots to clean the solar modules at the Opex projects thus ensuring waterless cleaning.

In the case of Technology absorption, the Company used high rated (540 & 550Wp) Monoperc PV modules with better efficiency. The structure is designed with the provision of Seasonal Tilting.

**Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings and outgo during the year.

**Particulars of Employees**

Since the company is a Subsidiary of First Energy Private Limited and incorporated for the purpose of carrying out Renewable Energy business, there are no employees on the rolls of the company as on March 31, 2023.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators/Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment for its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and during the year there is no instance of onetime settlement with any Bank or Financial Institution.

**Vigil mechanism**

The Company has adopted the whistle blower policy of Thermax Limited, the ultimate holding company of the Company, which is applicable to all subsidiaries of Thermax Limited.

**Auditors**

The Board of Directors of the Company in their Meeting held on February 23, 2022, appointed M/s. B. K. Khare & Co., Chartered Accountants (ICAI FRN. 105102W) as the Statutory Auditors till the conclusion of the First Annual General Meeting.

However, there was a casual vacancy and M/s Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) were appointed as the Statutory Auditors of the Company for FY 2022-23 in the Extra Ordinary General Meeting held on September 7, 2022, to fill the casual vacancy caused by the resignation of B.K. Khare & Co, Chartered Accountants until the conclusion of 1st Annual General Meeting to be held in FY 2023-24.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work and support.

**For and on behalf of the Board of Directors of**

**First Energy TN 1 Private Limited**

| | |
|---|---|
| **Mitish Somani** | **Ravi Damaraju** |
| Director | Director |
| DIN - 01853530 | DIN - 09554649 |

**Pune, May 09, 2023**

**Annexure - 1**

**Policy on selection and appointment of Directors and remuneration of Directors, KMPs and Employees**

The Nomination & Remuneration Committee (NRC) has prepared a “Terms of Reference” (TOR), which, inter alia, deals with laying down the criteria for the selection of Non-Executive Directors (NEDs), based on the requirements of the organization, including the qualifications and determining the independence of Directors. The NRC has also laid down the criteria for the evaluation of the performance of the Board and guidelines for determining the remuneration of Directors. This Policy is based on the above TOR of NRC:

**(1) Criteria for selection and appointment of Directors:**

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a director, the emphasis be given to the qualifications, experience, and personal and professional standing of the incumbent.

(c) Assess the independence and nature of the appointment as Director vis-à-vis any conflict of interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) In the event of re-appointment of the Director, due emphasis be given to the performance evaluation of the Director during his tenure.

**(2) Remuneration:**

The remuneration payable to Directors shall be in accordance with Sec. 197 of the Companies Act, 2013 and other applicable provisions & rules made thereunder from time to time.

The Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings.

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees.

**(3) Criteria for selection of MD, WTD & CEO:**

For selection of the MD, WTD and CEO, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendations, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria regarding age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

**(4) Remuneration for MD, WTD & CEO:**

i. At the time of appointment or re-appointment, the Managing Director (MD), Whole Time Director (WTD) and Chief Executive Officer (CEO) shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the MD, WTD and CEO within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in the General Meeting.

iii. The remuneration of the MD, WTD and CEO is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises a performance bonus.

iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure/consider the following:

a. the relationship of remuneration and performance benchmarks is clear.

b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.

c. responsibility required to be shouldered by the MD, WTD and CEO, the industry benchmarks, and the current trends.

d. the Company’s performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

**(5) Remuneration Policy for Senior Management, KMPs and employees:**

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure the following:

(i) The remuneration is divided into Fixed component & Variable Component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company’s performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives, and business deliverables. The actual performance of individual reportee will be discussed by the MD and CEO at the year’s end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/variable pay shall be decided by the MD and CEO.

The MD & CEO will present a snapshot of the evaluation carried out to assess the performance of the Whole-time Director, while recommending the annual increment of the NRC, for its review and approval.

**For and on behalf of the Board of Directors of**
**First Energy TN 1 Private Limited**

| | |
|---|---|
| **Mitish Somani**<br>Director<br>DIN - 01853530 | **Ravi Damaraju**<br>Director<br>DIN - 09554649 |

**Pune, May 09, 2023**

# First Energy TN 1 Private Limited

**INDEPENDENT AUDITOR'S REPORT**

To the Members of First Energy TN 1 Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of First Energy TN 1 Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the period from January 29, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the period from January 29, 2022 to March 31, 2023.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditor's responsibilities for the audit of the financial statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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**

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

12. 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.

    (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 Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A".

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

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

        iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 30(viii) to the financial statements);

        (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 30 (viii) to the financial statements); and

        (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

        v. The Company has not declared or paid any dividend during the period.

        vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

13. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/ provided any managerial remuneration during the period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLG2603

Place: Pune
Date: May 11, 2023

# First Energy TN 1 Private Limited

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of First Energy TN 1 Private Limited on the financial statements for the period from January 29, 2022 to March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of First Energy TN 1 Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period from January 29, 2022 to March 31, 2023.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLG2603

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of First Energy TN1 Private Limited on the financial statements as of and for the period from January 29, 2022 to March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the period and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of all the immovable properties, as disclosed in Note 3 to the financial statements, are held in the name of the Company.

(d) The Company has chosen cost model for its Property, Plant and Equipment. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of generating power from renewable energy source and, consequently, does not hold any inventory. Therefore, the provisions of clause 3 (ii)(a) of the Order are not applicable to the Company.

(b) During the period, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues of income-tax and goods and services tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the period from January 29, 202 to March 31, 2023.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. (Also refer Note 11 to the financial statements).

(d) According to the information and explanations given to us, and the procedures performed by 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) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiary, joint venture or associate company during the period. Accordingly, reporting under this clause is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the period. Accordingly, reporting under this Clause is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the period from January 29, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the period from January 29, 2022 to March 31, 2023, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the period by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 “Related Party Disclosures” specified under Section 133 of the Act.

xiv. (a) In our opinion and based on our examination, the Company did not have an internal audit system during the period.

(b) The Company is not mandated to have an internal audit system during the period.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the period from January 29, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has incurred cash losses of Rs. 27.68 lakhs in the period from January 29, 2022 to March 31, 2023.

xviii. We noted no issues, objections or concerns raised by the outgoing statutory auditors in their aforesaid letter.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 26 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLG2603

Place: Pune
Date: May 11, 2023

## Balance Sheet as at March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **I. Non-current assets** | | **7,393.85** |
| (a) Property, plant and equipment | 3 | 7,391.97 |
| (b) Deferred tax assets | 20 | - |
| (c) Income tax assets (net) | 8 | 1.88 |
| **II. Current assets** | | **400.49** |
| (a) Financial assets | | |
| (i) Trade receivables | 6 | 75.81 |
| (ii) Cash and cash equivalents | 7 | 185.49 |
| (iii) Other financial assets | 4 | 120.20 |
| (b) Other current assets | 5 | 18.99 |
| **Total Assets** | | **7,794.34** |
| **EQUITY AND LIABILITIES** | | |
| **I. Equity** | | **2,077.73** |
| (a) Equity share capital | 9 | 2,200.00 |
| (b) Other equity | 10 | (122.27) |
| **Liabilities** | | |
| **II. Non-current liabilities** | | **5,158.05** |
| (a) Financial liabilities | | |
| (i) Borrowings | 11(a) | 5,158.05 |
| **III. Current liabilities** | | **558.56** |
| (a) Financial liabilities | | |
| (i) Borrowings | 11(b) | 296.40 |
| (ii) Trade and other payables | | - |
| a) total outstanding dues of micro enterprises and small enterprises | 12 | 1.00 |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 12 | 102.33 |
| (iii) Other financial liabilities | 13 | 146.54 |
| (b) Other current liabilities | 14 | 12.29 |
| **Total Equity and Liabilities** | | **7,794.34** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

## Statement of profit and loss for the period January 29, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | January 29, 2022 to March 31, 2023 |
|---|---|---|
| **Income** | | |
| Revenue from operations | 15 | 186.32 |
| Other income | 16 | 36.41 |
| **Total Income** | | **222.73** |
| **Expenses** | | |
| Finance costs | 17 | 125.26 |
| Depreciation and amortisation expense | 18 | 69.52 |
| Other Expenses | 19 | 125.15 |
| **Total Expenses** | | **319.93** |
| **Loss before tax** | | **(97.20)** |
| **Tax expense** | | |
| Current tax | | - |
| **Loss for the period** | | **(97.20)** |
| **Other comprehensive income** | | **-** |
| **Total comprehensive loss for the period** | | **(97.20)** |
| Loss per equity share [nominal value per share ₹ 10/-] | | |
| Basic | | (0.44) |
| Diluted | | (0.44) |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy TN 1 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 9, 2023

# First Energy TN 1 Private Limited

## Statement of Cash flow for the period January 29, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| | Particulars | January 29, 2022 to March 31, 2023 |
|---|---|---|
| **A)** | **Cash flows from operating activities** | |
| | Loss before tax | (97.20) |
| | **Adjustments to reconcile profit before tax to net cash flows** | |
| | Depreciation on Property, plant and equipment | 69.52 |
| | Interest expense | 125.26 |
| | Interest income | (19.59) |
| | **Working capital adjustments** | |
| | (Increase) in trade receivables | (75.81) |
| | (Increase) in other financial assets | (120.20) |
| | (Increase) in other assets | (18.96) |
| | Increase in trade payables | 103.33 |
| | Increase in other liabilities | 12.29 |
| | Increase in other financial liabilities | - |
| | **Cash used in operations** | **(21.36)** |
| | Direct taxes paid | (1.88) |
| | **Net cash flows used in investing activities** | **(23.24)** |
| **B)** | **Cash flows used in investing activities** | |
| | Purchase of property, plant and equipment | (7,224.46) |
| | Interest received | 19.56 |
| | **Net cash flows used in investing activities** | **(7,204.90)** |
| **C)** | **Cash flows from financing activities** | |
| | Proceeds from borrowings | 5,554.00 |
| | Transaction cost for availing borrowing | (53.91) |
| | Repayment of borrowings | (45.64) |
| | Proceeds from issue of Equity shares | 2,200.00 |
| | Cost related to issue of Own Equity Instruments | (25.07) |
| | Interest paid on borrowing | (125.26) |
| | Interest paid and capitalised in Property, plant and Equipment | (90.49) |
| | **Net cash flows from financing activities** | **7,413.63** |
| | **Net increase in cash and cash equivalents** | **185.49** |
| | Cash and cash equivalents at the beginning of the period | - |
| | **Cash and cash equivalents at the end of the period** | **185.49** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | **March 31, 2023** |
|---|---|
| Cash and cash equivalents | 185.49 |
| **Balances as per Cash flow statement** | **185.49** |

**Notes:**

i) Statement of Cash Flows has been prepared under the “Indirect Method” in accordance with ‘IND AS 7 : Statement of Cash Flows’.

ii) Refer Note 11 for Net debt reconciliation

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy TN 1 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 9, 2023

## Statement of changes in Equity for the period January 29, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**A Equity Share Capital** **(₹ in Lakhs)**

| Equity Shares of ₹ 10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---|---|
| Issue during the period | 22,000,000 | 2,200.00 |
| **As at March 31, 2023** | **22,000,000** | **2,200.00** |

**B Other Equity**

| Particulars | Retained Earning | Total |
|---|---|---|
| Loss for the period | (97.20) | (97.20) |
| Other comprehensive income for the period | - | - |
| **Total Comprehensive income for the period** | **(97.20)** | **(97.20)** |
| Cost related to issue of Own Equity Instruments | (25.07) | (25.07) |
| **As at March 31, 2023** | **(122.27)** | **(122.27)** |

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

This is the Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy TN 1 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 9, 2023

**1. Corporate information**

First Energy TN 1 Private Limited ("the Company"), is a private limited company domiciled in India and incorporated on 29th January 2022 under the provisions of Indian Companies Act, 2013 is subsidiary of First Energy Private Limited. The Company is primarily engaged in the business as a producer and distributor of solar power by using solar cells including developing, building, and solar power projects.

The address of Company's registered office is 14, Thermax House, Old Mumbai-Pune Highway, Wakdewadi Pune - 411003, India. The CIN of the Company is U40108PN2022PTC208074.

**2. Significant accounting policies**

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

**2.1. Basis of preparation and measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.3.

The accounting policies adopted for preparation and presentation of these financial statements have been consistently applied.

**(b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**2.2 Summary of significant accounting policies**

**a. Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.3)
- Quantitative disclosures of fair value measurement hierarchy (note 24)
- Financial instruments (including those carried at amortized cost) (note 24)

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment | 10 to 25 | 15 to 20 |
| Building | 3 | 30 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

The Company has the following streams of revenue:

- ***Revenue from Sale of electricity***

Revenue from sale of power is recognised net of cash discount over time for each unit of electricity delivered at the contracted rate. The transaction price is adjusted for significant financing component, if any and the adjustment is accounted as finance cost. Revenue recognized includes amounts billed to consumers on the basis of recording of consumption of energy by installed meters based on the applicable tariff agreed in purchase power agreement, which are recognized considering past trends of approval, management's probability estimate and when no significant uncertainty exists in such determination.

**Contract balances**

**Contract assets:** The contract assets relate to unbilled work in progress. If the Company satisfies performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

**Cost for issuance of equity instruments:**

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**i. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**l. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**m. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has been identified as the chief operating decision maker of the Company.

**n. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**o. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**p. Rounding of amounts:**

Amounts disclosed in the financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.3 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.3.1 Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**ii. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months.

**2.3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**ii. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**iii. Useful lives of property, plant and equipment and intangible assets**

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**iv. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**Notes to the Financial Statements for the period January 29, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**3 Property, Plant and Equipment**

| Particulars | Land Freehold | Buildings* | Solar Power Plant | Total |
|---|---|---|---|---|
| **Gross Block** | | | | |
| **As at January 29, 2022** | - | - | - | - |
| Additions | 414.83 | 3.07 | 7,043.59 | 7,461.49 |
| Deductions/Amortization | - | - | - | - |
| **As at March 31, 2023** | **414.83** | **3.07** | **7,043.59** | **7,461.49** |
| **Depreciation** | | | | |
| **As at January 29, 2022** | - | - | - | - |
| For the period | - | 0.26 | 69.26 | 69.52 |
| Deductions/Amortization | - | - | - | - |
| **As at March 31, 2023** | **-** | **0.26** | **69.26** | **69.52** |
| **Net Block** | | | | |
| **As at March 31, 2023** | **414.83** | **2.81** | **6,974.33** | **7,391.97** |

*Temporary structure

**Capitalization of expenses**

During the period, the Company has capitalized the following expenses of revenue nature to the cost of Property, plant and equipment / Capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

| Particular | As at March 31, 2023 |
|---|---|
| Reimbursement of Salaries and wages | 138.20 |
| Reimbursement of Interest expenses | 4.61 |
| Reimbursement of Depreciation | 11.96 |
| Reimbursement of Others Expenses | 25.80 |
| **Total** | **180.57** |

**4 Other Financial Assets (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| **Security deposits** | |
| Unsecured, considered good | 120.20 |
| **Total** | **120.20** |

**5 Other Current Assets**

| Particulars | As at March 31, 2023 |
|---|---|
| **Advance to suppliers** | |
| Unsecured, considered good | 7.01 |
| **Advance to others** | |
| Unsecured, considered good | 0.79 |
| Prepaid expenses | 11.16 |
| Interest accrued on fixed deposit | 0.03 |
| **Total** | **18.99** |

**6 Trade Receivable (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| **Trade Receivables** | **75.81** |
| i) Related parties (note 23) | |
| - Unbilled* | 19.13 |
| - Billed | - |
| Others | |
| - Unbilled* | 56.68 |
| - Billed | - |
| **Break-up for security details:** | |
| Secured considered good | - |
| Unsecured considered good | 75.81 |
| Trade receivables which have a significant increase in credit risk | - |
| Trade receivables- credit impaired | - |
| | **75.81** |
| Less: impairment allowance | - |
| **Total** | **75.81** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

*The receivable is 'unbilled' because the Company has not yet issued an invoice; however, the balance has been included under trade receivables (as opposed to contract assets) because it is an unconditional right to consideration

**Trade Receivables ageing**

**As at March 2023**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed Trade Receivables- considered good | 75.81 | - | - | - | - | - | - | 75.81 |
| **Total** | **75.81** | **-** | **-** | **-** | **-** | **-** | **-** | **75.81** |

**7 Cash and Cash Equivalents**

| Particular | As at March 31, 2023 |
|---|---|
| **Balance with Bank** | |
| - in Current accounts | 35.10 |
| -Deposits with original maturity of less than 3 months | 150.39 |
| **Total** | **185.49** |

**8 Income tax assets (net)**

| Particular | As at March 31, 2023 |
|---|---|
| Income tax assets (net) | 1.88 |
| **Total** | **1.88** |

**Notes to the Financial Statements for the period January 29, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### 9 Share Capital

**Authorized share Capital**

Equity shares of ₹ 10 each

| Particulars | No. of shares | ₹in Lakhs |
|---|---|---|
| **As at January 29, 2022** | - | - |
| Increase/(decrease) during the period | 25,000,000 | 2,500.00 |
| **As at March 31, 2023** | **25,000,000** | **2,500.00** |

**Terms/Rights attached to the 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 of the Holding Company 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.

**Issued, Subscribed and Paid up Share Capital**

Equity shares of ₹ 10 each

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **As at January 29, 2022** | - | - |
| Changes during the period | 22,000,000 | 2,200.00 |
| **As at March 31, 2023** | **22,000,000** | **2,200.00** |

**Equity shares held by ultimate holding / holding company**

| Name of Company | No. of shares | As at March 31, 2023 ₹ in Lakhs |
|---|---|---|
| **Holding company** | | |
| First Energy Pvt Limited | | |
| Equity shares of ₹ 10 each | 16,239,999 | 1,624.00 |

**Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Name of the Shareholder | As at March 31, 2023 |
|---|---|
| (i) First Energy Private Limited, India (Promoter) | |
| % Holding | 73.82% |
| No. of shares | 16,239,999 |
| (ii) Magna Electro Castings Limited | |
| % Holding | 6.55% |
| No. of shares | 1,440,000 |
| (iii) Elgi Equipments Limited | |
| % Holding | 6.55% |
| No. of shares | 1,440,000 |
| (iv) Sundram Fasteners Limited | |
| % Holding | 8.72% |
| No. of shares | 1,918,800 |

**Shares held by promoters at the end of the period**

| | As at March 31, 2023 | |
|---|---|---|
| Name of Promoter | No. of shares | % of total number of shares |
| First Energy Private Limited, India | 16,239,999 | 73.82% |

### 10 Other Equity

| Particulars | As at March 31, 2023 |
|---|---|
| **Retained Earnings** | |
| Loss for the period | (97.20) |
| Add : Other Comprehensive Income for the period | - |
| | **(97.20)** |
| Cost related to issue of Own Equity Instruments | (25.07) |
| **Total** | **(122.27)** |

### 11(a) Borrowings (Non Current)

| Particulars | As at March 31, 2023 |
|---|---|
| **Secured loans from Bank** | |
| Indian rupee loans from banks* | 5,364.45 |
| Less: Current maturities of long-term debt (included in current borrowings) | 206.40 |
| **Total** | **5,158.05** |

* After considering unamortised expense of Rs. 53.91 lakhs as at March 31, 2023

| | |
|---|---|
| Aggregate secured borrowings | 5,158.05 |
| Aggregate unsecured borrowings | - |

**(a) Loans are measured at amortised cost.**

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| **Secured borrowings** | | | | |
| Indian rupee loan from bank | March 31, 2042 | Repayable in 77 structured quarterly installments from 31st March 2023 | 8.5% (Interest rate is 3M MCLR p.a +0.70% p.a) | 4,469.95 |
| Indian rupee loan from bank | June 30, 2042 | Repayable in 77 structured quarterly installments from 31st March 2023 | 8.9% (Interest rate is 3M MCLR p.a +0.70% p.a) | 894.50 |

**(b) Details of security**

Indian rupee loans from banks is secured by way of charge on all present and future moveable and immovable assets including plant & machinery, machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature and when arising and pledge of 30% of shares of the Company held by the holding company.

**Notes to the Financial Statements for the period January 29, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### 11(b) Borrowing (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| **Secured loans** | |
| Current maturities of long term borrowings from bank | 206.40 |
| **Unsecured loans** | |
| Loan from Holding Company | 90.00 |
| **Total** | **296.40** |

| | |
|---|---|
| Aggregate secured borrowings | 206.40 |
| Aggregate unsecured borrowings | 90.00 |

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| **Unsecured borrowings** | | | | |
| Loan from Holding company | 90 days | Repayable in single/multiple tranches along with the accumulated interest thereon | 8% | 90.00 |

**Net debt reconciliation**

| Particulars | As at March 31, 2023 |
|---|---|
| Borrowings | (5,454.45) |
| Cash and cash equivalent | 185.49 |
| **Net debt** | **(5,268.96)** |

| Particular | Other assets | Liabilities from financing activities | Total |
|---|---|---|---|
| | Cash & cash equivalent | Borrowings | |
| **Net debt as at January 29, 2022** | **-** | **-** | **-** |
| Cash flows | 185.49 | (5,454.45) | (5,268.96) |
| Interest expenses | - | (125.26) | (125.26) |
| Interest paid | - | 215.75 | 215.75 |
| Interest Capitalised | - | (90.49) | (90.49) |
| **Net debt as at March 31, 2023** | **185.49** | **(5,454.45)** | **(5,268.96)** |

During the period, the Company has used the borrowings for the specific purpose for which they have been obtained.

### 12 : Trade and Other Payables (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| Due to micro and small enterprises | 1.00 |
| Due to other than micro and small enterprises | 12.51 |
| Trade payables to related parties (refer note 23) | 89.82 |
| **Total** | **103.33** |

Ageing schedule for trade payable
**As at March 31, 2023**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and small enterprises | 1.00 | - | - | - | - | - | 1.00 |
| (ii) Others | 102.33 | - | - | - | - | - | 102.33 |
| **Total** | **103.33** | **-** | **-** | **-** | **-** | **-** | **103.33** |

### 13 Other financial liabilities (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| Payable for capital purchases | 146.54 |
| **Total** | **146.54** |

### 14 Other Current Liabilities

| Particulars | As at March 31, 2023 |
|---|---|
| Statutory dues | 12.29 |
| **Total** | **12.29** |

*Mainly include tax deducted at source and GST liability

### 15 Revenue from Operations

| Particulars | January 29, 2022 to March 31, 2023 |
|---|---|
| **Sales of Products** | |
| Revenue from Power Supply | 186.32 |
| **Total** | **186.32** |

**Disclosure pursuant to IND AS 115: Revenue from contracts with customers**

| Particular | January 29, 2022 to March 31, 2023 |
|---|---|
| **i) Revenue by category of contracts:** | |
| Over a period of time basis | 186.32 |
| At a point-in-time basis | - |
| **Total revenue from contracts with customers** | **186.32** |
| **ii) Revenue by geographical market:** | |
| Within India | 186.32 |
| Outside India | - |
| **Total revenue from contracts with customers** | **186.32** |

**iii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| Particulars | As at March 31, 2023 |
|---|---|
| Trade receivables (Refer note 6) | 75.81 |

### 16 Other Income

| Particulars | January 29, 2022 to March 31, 2023 |
|---|---|
| Interest income from financial assets at amortised cost | 19.59 |
| Miscellaneous income | 16.82 |
| **Total** | **36.41** |

### 17 Finance Costs

| Particulars | January 29, 2022 to March 31, 2023 |
|---|---|
| Interest expense on financial liabilities measured at amortised cost | 125.26 |
| **Total** | **125.26** |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the period, in this case 8.31%.

## Notes to the Financial Statements for the period January 29, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### 18 Depreciation and Amortization Expense

| Particulars | January 29, 2022 to March 31, 2023 |
|---|---|
| Depreciation of property, plant and equipment | 69.52 |
| **Total** | **69.52** |

### 19 Other Expenses

| Particulars | January 29, 2022 to March 31, 2023 |
|---|---|
| Operation & Maintenance Charges | 10.32 |
| Others selling expenses | 0.04 |
| Rates and taxes | 2.49 |
| Insurance | 3.17 |
| Travelling and conveyance | 6.40 |
| Communication expenses | 0.01 |
| Printing and stationery | 0.03 |
| Professional charges | 15.21 |
| Auditor's remuneration (Refer below note) | 1.77 |
| Directors' Sitting fees | 1.65 |
| Miscellaneous expenses | 4.54 |
| Corporate Overhead allocation | 79.52 |
| **Total** | **125.15** |

**Note: Auditor's remuneration**

| Particulars | January 29, 2022 to March 31, 2023 |
|---|---|
| Statutory Audit Fees | 1.77 |
| **Total** | **1.77** |

### 20 Deferred Tax

Deferred tax assets amounting to Rs.25.91 lakhs have not been recognised in respect of following items, because it is not probable that future profit will be available against which the Company can use the benefits therefrom.

| Particulars | As at March 31, 2023 | |
|---|---|---|
| | Amount | Expiry date |
| Tax losses | - | - |
| Unabsorbed depreciation | 150.99 | No expiry |
| **Total** | **150.99** | |

### 21 Loss per share

| Particulars | As at March 31, 2023 |
|---|---|
| Net Loss attributable to the Equity shareholders of the Company | (97.20) |
| Weighted average number of Equity shares of Rs.10/- each | 22,000,000 |
| Basic and Diluted Loss per share | (0.44) |

### 22 Contingent Liabilities and commitments

**Contingent Liabilities**

There are no liabilities of contingent nature.

**Capital and other commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is : NIL

### 23 Related party disclosures

**A Immediate Holding Company**

First Energy Private Limited

**B Ultimate Holding Company**

RDA Holding Private Limited

**C Intermediate Holding Company**

Thermax Limited

**D Key Management Personnel:**

1 Mr. Ravi Damaraju - Director
2 Mr. Navjit Gil - Director (till: September 19, 2022)
3 Mr. Mitish Somani - Director
4 Mr. Harpreet Singh - Director (till: March 31, 2022)
5 Mr. Sanjay Parande - Independent Director (w.e.f. December 23, 2022)
6 Mr. Ashok Joshi - Independent Director (w.e.f. December 23, 2022)
7 Ms. Sampada Sakhare - Company Secretary

**E Enterprises with whom transactions have taken place during the year, over which control is exercised by KMP of Intermediate holding company:**

1 Elgi Equipments Limited, India

**F Transactions with Related parties:**

| Particulars | January 29, 2022 to March 31, 2023 |
|---|---|
| **(a) Transactions during the period** | |
| **With Immediate Holding Company** | |
| Subscription for equity shares by holding company | 2,200.00 |
| Reimbursement of interest expenses | 124.08 |
| Loan Taken | 90.00 |
| Reimbursement of expenses (inclusive of reimbursement of capital expenditure) | 4,753.54 |
| **Intermediate Holding Company** | |
| Operation and Maintenance expenses | 10.32 |
| Advance given | 5.70 |
| **Enterprises over which control is exercised by KMP of Intermediate holding company:** | |
| Revenue from operations | 50.05 |
| **Key management personnel compensation** | |
| Directors' sitting fees | 1.65 |

**G Outstanding balances**

| Particulars | As at March 31, 2023 |
|---|---|
| **(b) Balances as at the period end** | |
| **Holding Company** | |
| Loan payable | 90.00 |
| Trade payables | 79.50 |
| **Intermediate Holding Company** | |
| Trade payables | 10.32 |
| Advance Given | 5.70 |
| **Enterprises over which control is exercised by KMP of Intermediate holding company:** | |
| Trade Receivable | 19.13 |

**Notes to the Financial Statements for the period January 29, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**H Terms and conditions for outstanding balances**

All outstanding balances are unsecured, interest free except for borrowings and payable in cash. For details of interest on borrowings, refer note 11.

**24 Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Trade payable | 103.33 |
| Borrowing | 5,454.45 |
| Other liabilities | 146.54 |
| **Total** | **5,704.32** |
| Current liabilities | 546.27 |
| Non current liabilities | 5,158.05 |
| **Total** | **5,704.32** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Trade receivables | 75.81 |
| Other financial assets | 120.20 |
| Cash and cash equivalents | 185.49 |
| **Total** | **381.50** |
| Current assets | 381.50 |
| Non-current assets | - |
| **Total** | **381.50** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**25 Financial risk management**

The Company's principal financial liabilities, comprise 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 trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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 and currency risk.

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023

**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.

**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 loss before tax is affected through the impact on floating rate borrowings.

**31 March 2023**

| Particulars | Amount of Loan | Increase/decrease in % | Impact on loss before tax |
|---|---|---|---|
| Variable rate borrowings | 5,364.45 | Increase in 50 basis point | (7.14) |
| | | Decrease in 50 basis point | 6.95 |

**b) Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company has not entered into any foreign currency transaction during the period and hence not exposed to any foreign currency risk.

**c) Price risk**

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company is not currently exposed significantly to such risk.

**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 investing activities, including deposits with banks.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes above. There is no charge of impairment to Statement of profit and loss.

**Expected credit loss for contract assets under simplified approach**

| Particulars | As at March 31, 2023 Gross | Expected loss allowance |
|---|---|---|
| Unbilled | 75.81 | - |
| **Total** | **75.81** | **-** |

Credit risk from balances with banks and financial institutions is managed by the Parent Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### III Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, Parent Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

| Particulars | On demand | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | - | 296.40 | 426.84 | 252.80 | 4,478.41 |
| Trade Payables | - | 103.33 | - | - | - |
| Other financial liabilities | - | 146.54 | - | - | - |

**The company has access to following undrawn facilities at the end of the reporting period**

| Particulars | Rs in Lakhs | Floating Rate |
|---|---|---|
| ICICI Rupee Term Loan | 47.00 | IMCLR3 Months + 0.70% |

### 26 Analytical ratios

| S. No. | Particulars | Numerator | Denominator | For the period ended March 31, 2023 |
|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.72 |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | 2.63 |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.) | Debt Service (Interest + Principal Repayments) | 0.37 |
| 4 | Return on Equity | Net Profits after taxes before exceptional items | Shareholder's Equity | (4.68)% |
| 5 | Return on investment | Earning before interest and taxes | Total assets | 0.36% |
| 6 | Trade Receivables turnover Ratio | Total Sales | Trade Receivable | 2.46 |
| 7 | Trade payables turnover Ratio | Net Credit Purchases | Trade Payables | 1.20 |
| 8 | Net capital turnover Ratio | Total Sales | Working Capital | (1.18) |
| 9 | Return on Capital employed | Earning before interest and taxes | Capital Employed | 0.37% |
| 10 | Net Profit Ratio | Net Profits after taxes | Revenue | (52.17)% |

Working Capital = Current assets less Current liabilities

Capital employed = Tangible Net worth

### 27 Capital Management

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Company.

| Particulars | As at March 31, 2023 |
|---|---|
| Borrowings | 5,454.45 |
| Less: Cash and cash equivalents (includes other bank balances) | 185.49 |
| **Net debt** | **5,268.96** |
| **Equity** | **2077.73** |
| **Net Debt to Equity** | **2.54** |

**Loan Covenants**

The Borrower shall, during the entire tenor of the Facility, ensure that

(a) the Security Cover Ratio shall be above 1.1:1

(b) its Debt to Equity Ratio should not be greater than 3:1 and

(c) its Debt Service Coverage Ratio does not fall below 1.15:1

Security cover ratio will be tested within 180 days from the closure of the Financial Year, starting from FY 23.

**Notes to the Financial Statements for the period January 29, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

Other ratio will be tested within 180 days from closure of financial year starting from FY 24.

The company has complied with the applicable covenants throughout the reporting period

**28. Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

Dues to small-scale industrial undertakings have been worked out on the basis of information available with the Management.

| Sr No | Particulars | As at March 31, 2023 |
|---|---|---|
| a) | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 12) | 1.00 |
| b) | Interest due to suppliers registered under the MSMED Act for the year and remaining unpaid as at year end | - |
| c) | Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - |
| d) | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - |
| e) | Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - |
| f) | Further Interest remaining due and payable for earlier years | - |

**29 Segment reporting**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company's business viz "Producer of power through renewable energy source". Hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

**30 Other Statutory Information**

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current period.

(iv) There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

(viii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**31** The Company is incorporated on January 29, 2022. The financial statements are prepared for the period January 29, 2022 to March 31, 2023 as the first financial statement of the Company. Hence, comparative figures do not exist for the current period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy TN1 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

**Sampada Sakhare**
Company Secretary

Place: Pune
Date: May 9, 2023

# First Energy 2 Private Limited

| Board of Directors | Registered Office | Auditors |
|---|---|---|
| Mitish Somani<br>Ravi Damaraju<br>Sandeep Mandke | Unit No. 601, 6th Floor,<br>Cello Platina, F.C. Road,<br>Shivajinagar, Pune 411005 | Price Waterhouse & Co.<br>Chartered Accountants LLP<br>7th Floor, Business Bay, Tower A,<br>Wing -1, Airport Road,<br>Yerwada, Pune 411006 |

***Bankers***

Yes Bank Limited

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the First Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

The Company's financial performance from the date of Incorporation till March 31, 2023, is summarized below:

(Rs. in Lakh)

| Particulars | For the period ended on FY March 31, 2023 |
|---|---|
| Total income | 1.75 |
| Profit/(Loss) before depreciation | (42.09) |
| Depreciation and impairment | - |
| Profit/(Loss) before tax | (42.09) |
| Provision for taxation (incl. deferred tax) | 8.59 |
| Items that not to be reclassified to profit or loss | - |
| Profit/(Loss) after tax | (50.68) |

**State of Company's Affairs**

The Company was incorporated on March 30, 2022. During the year, the company launched a Solar Energy Project with a capacity of 7.5MWp using Solar PV Mono crystalline modules for electricity generation.

The plant is commissioned in March 2023, and it started commercial operations from 1st April 2023.

**Material changes affecting the Financial Position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affects the financial position of the Company.

**Dividend**

The directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the company has not transferred any amount to the General Reserve.

**Share Capital**

During the year there were changes in the capital structure of the company. The Company has increased its authorized share capital from Rs. 1,00,000/- (Rupees One Lakh only) consisting of 10,000 (Ten Thousand) equity shares of Rs. 10/- each to Rs. 12,00,00,000 (Rupees Twelve Crore) consisting of 1,20,00,000 (One crore Twenty Lakhs) Equity Shares of Rs. 10 each. The increase in share capital was approved by the members of the Company in their Extra-Ordinary General Meeting held on June 23, 2022.

The Paid-up Share Capital of the Company is Rs. 11,53,50,050 divided into Equity Shares of 1,15,35,005 of Rs.10 each. During the year under review, the Company has made the further issue of shares to the existing shareholders on a rights and private placement basis. Details of the further issue of shares are as follows:

| Date of Issue | Number of Shares | Nominal value per share (Rs.) | Amount paid up (Rs.) |
|---|---|---|---|
| 22/06/2022 | 35,00,000 | 10 | 3,50,00,000 |
| 25/07/2022 | 50,00,000 | 10 | 5,00,00,000 |
| 14/12/2022 | 5 | 10 | 50 |
| 14/12/2022 | 30,00,000 | 10 | 3,00,00,000 |
| 17/01/2023 | 25,000 | 10 | 2,50,000 |

The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures, and Associates**

The Company does not have any Subsidiary, Joint Venture, or Associate Company as on March 31, 2023.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not make any investment nor did the company give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

**Restriction on purchase by the Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or to subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of risks in its Solar business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involves risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also contracts competent local infra partners having experience and capability.

- **Renewable Sources and Grid Availability**

  The major risk identified by the Company is generation loss due to lower radiation, and Grid failures. The Company continuously studies the radiation levels with historical data from reliable sources. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk involved the risk of revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance. The Company is also using water for cleaning modules at regular frequency.

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

During the year the Company took below health and safety initiatives:

1. Implementation of simultaneous operational procedure with job safety analysis

2. Achieved 35000 safe manhours with zero LTI / Medical cases

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

During the year, Mr. Sandeep Mandke was appointed as an Additional Director w.e.f. March 30,2023. Mr. Harpreet Singh resigned as a director w.e.f. March 31, 2023.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Ravi Damaraju (DIN 09554649) retires by rotation and being eligible offers, himself for re-appointment.

**Key Managerial Personnel**

During the year, no new Key Managerial Personnel was appointed in the Company.

**Board Meetings**

The Board met seven times during the year under review, on April 25, 2022, June 2, 2022, July 25, 2022, November 10, 2022, December 13, 2022, January 17, 2023 and March 30,2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have 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 and of the profit and loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, RPTs were placed before the Board for noting purposes. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the financial statements.

**Financial Statements**

Pursuant to Section 2(41) of the Companies Act, 2013, the financial year of the companies incorporated after the 1st day of January of a year shall end on the 31st day of March of the following year, in respect whereof the financial statement of the company is made up. Accordingly, the Company has prepared the financial statements from the date of incorporation to March 31, 2023, as per Schedule III to the Companies Act, 2013, as amended from time to time.

**Maintenance of Cost Records**

Pursuant to Section 148(1) of the Companies Act, 2013, the requirement for maintenance of cost records is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind, and associated Renewable energy generation sources for commercial & industrial customers.

In the case of Technology absorption, the Company used higher rated (>540Wp) Monoperc PV modules with better efficiency, a structure designed to withstand the wind load and string type Solar Inverters designed for outdoor installation.

**Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings and outgo during the year.

**Particulars of Employees**

Since the company is a Subsidiary of First Energy Private Limited and incorporated for the purpose of carrying out solar business, there are no employees on the rolls of the company as on March 31, 2023.

# First Energy 2 Private Limited

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators / Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment for its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and during the under review year there is no instance of onetime settlement with any Bank or Financial Institution.

**Auditors**

The Board of Directors of the Company in their Meeting held on April 25, 2022, appointed M/s. B. K. Khare & Co., Chartered Accountants (ICAI FRN. 105102W) as the Statutory Auditors till the conclusion of the First Annual General Meeting.

However, there was a casual vacancy and M/S Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) were appointed as the Statutory Auditors of the company for FY 2022-23 in the Extra Ordinary General Meeting held on October 12, 2022, to fill the casual vacancy caused by the resignation of B.K. Khare & Co, Chartered Accountants until the conclusion 1st Annual General Meeting to be held in FY 2023-24.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work, and support.

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**For and on behalf of the Board of Directors of**

**First Energy 2 Private Limited**

| | |
|---|---|
| **Mitish Somani** | **Ravi Damaraju** |
| Director | Director |
| DIN - 01853530 | DIN - 09554649 |

**Pune, May 09, 2023**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of First Energy 2 Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of First Energy 2 Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the period from March 30, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the period from March 30, 2022 to March 31, 2023.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditor's responsibilities for the audit of the financial statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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**

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

12. 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.

    (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 Flow dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A".

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

    i. The Company does not have any pending litigations which would impact its financial position.

    ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

    iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 27(viii) to the financial statements);

    (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 27(viii) to the financial statements); and

    (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

    v. The Company has not declared or paid any dividend during the period.

    vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

13. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/provided any managerial remuneration during the period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLH6323

Place: Pune
Date: May 11, 2023

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of First Energy 2 Private Limited on the financial statements for the period from March 30, 2022 to March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of First Energy 2 Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period from March 30, 2022 to March 31, 2023.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLH6323

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of First Energy 2 Private Limited on the financial statements as of and for the period from March 30, 2022 to March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the period and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of all the immovable properties, as disclosed in Note 3 to the financial statements, are held in the name of the Company.

(d) The Company has chosen cost model for its Property, Plant and Equipment. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of generating power from renewable energy source and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.

. (b) During the period, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues of income-tax and goods and services tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the period from March 30, 2022 to March 31, 2023.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. (Also refer Note 9 to the financial statements)

(d) According to the information and explanations given to us, and the procedures performed by 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) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiary, joint venture or associate company during the period. Accordingly, reporting under this clause is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the period. Accordingly, reporting under this clause is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the period from March 30, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has made a private placement of shares during the period, in compliance with the requirements of Section 42 and Section 62 of the Act. The funds raised have been used for the purpose for which funds were raised.

xi (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the period, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the period from March 30, 2022 to March 31, 2023 by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures"specified under Section 133 of the Act.

xiv) (a) In our opinion and based on our examination, the Company did not have an internal audit system during the period.

(b) The Company is not mandated to have an internal audit system during the period.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the period from March 30, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has incurred cash losses of Rs. 50.68 lakhs in the period from March 30, 2022 to March 31, 2023.

xviii. We noted no issues, objections or concerns raised by the outgoing statutory auditors in their aforesaid letter.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 23 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLH6323

Place: Pune
Date: May 11, 2023

# First Energy 2 Private Limited

### Balance Sheet as at 31.03.2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **I. Non-current assets** | | **3,870.40** |
| (a) Property, plant and equipment | 3 (a) | 103.26 |
| (b) Capital work-in-progress | 3 (b) | 3,761.77 |
| (c) Financial assets | | |
| Other financial assets | 4 | 5.37 |
| **II.Current assets** | | **65.35** |
| (a) Financial assets | | |
| Cash and cash equivalents | 6 | 58.66 |
| (b) Other current assets | 5 | 6.69 |
| **Total Assets** | | **3,935.75** |
| **EQUITY AND LIABILITIES** | | |
| **I. Equity** | | **1,090.13** |
| (a) Equity share capital | 7 | 1,153.50 |
| (b) Other equity | 8 | (63.37) |
| **Liabilities** | | |
| **II. Non-current liabilities** | | **2,582.90** |
| (a) Financial liabilities | | |
| Borrowings | 9 (a) | 2,582.90 |
| **III. Current liabilities** | | **262.72** |
| (a) Financial liabilities | | |
| (i) Borrowings | 9 (b) | 60.57 |
| (ii) Trade payables | | |
| a) total outstanding dues of micro enterprises and small enterprises | 10 | 0.68 |
| b) total outstanding dues other than ii (a) above | 10 | 41.80 |
| (iii) Other financial liabilities | 11 | 148.18 |
| (b) Current Tax Liability | 12 | 9.06 |
| (c) Other current liabilities | 13 | 2.43 |
| **Total Equity and Liabilities** | | **3,935.75** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

### Statement of Profit and Loss for the period March 30, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)*

| Particulars | Note No | March 30, 2022 to March 31, 2023 |
|---|---|---|
| **Income** | | |
| Other income | 14 | 1.75 |
| **Total Income** | | **1.75** |
| **Expenses** | | |
| Finance costs | 15 | 0.80 |
| Other Expenses | 16 | 43.04 |
| **Total Expenses** | | **43.84** |
| **Loss before tax** | | (42.09) |
| **Tax expense** | | **8.59** |
| Current tax | 12 | 8.59 |
| **Loss for the period** | | **(50.68)** |
| **Other comprehensive income** | | - |
| **Total comprehensive loss for the period** | | **(50.68)** |
| Loss per equity share [nominal value per share ₹ 10] | | |
| Basic | 17 | (0.78) |
| Diluted | 17 | (0.78) |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 2 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

## Statement of Cash flow for the period March 30, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| | Particulars | Period ended March 31, 2023 |
|---|---|---|
| A) | **Cash flows used in operating activities** | |
| | Loss before tax | (42.09) |
| | **Adjustments to reconcile profit before tax to net cash flows** | |
| | Interest expense | 0.80 |
| | Interest income | (1.75) |
| | **Working capital adjustments** | |
| | (Increase) in other financial assets | (5.37) |
| | (Increase) in other assets | (6.69) |
| | Increase in trade payables | 42.48 |
| | Increase in other liabilities | 2.43 |
| | Increase in other financial liabilities | 0.81 |
| | **Cash used in operations** | **(9.38)** |
| | Direct taxes paid | (0.16) |
| | **Cash generated used in operations** | **(9.54)** |
| B) | **Cash flows used in investing activities** | |
| | Payments for property, plant and equipment | (3,709.56) |
| | Interest received | 1.75 |
| | **Net cash flows used in investing activities** | **(3,707.81)** |
| C) | **Cash flows from financing activities** | |
| | Proceeds from borrowings | 2,692.00 |
| | Transaction cost for availing borrowing | (48.53) |
| | Proceeds from issue of equity shares | 1,153.50 |
| | Cost related to issue of Own Equity Instruments | (12.69) |
| | Interest paid | (0.17) |
| | Interest paid and capitalised | (8.10) |
| | **Net cash flows from financing activities** | **3,776.01** |
| | **Net increase in cash and cash equivalents** | **58.66** |
| | Cash and cash equivalents at the beginning of the period | - |
| | **Cash and cash equivalents at the end of the period** | **58.66** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | March 31, 2023 |
|---|---|
| Cash and cash equivalents | 58.66 |
| **Balances as per Cash flow statement** | **58.66** |

**Notes:**

i) Statement of Cash Flows has been prepared under the “Indirect Method” in accordance with ‘IND AS 7 : Statement of Cash Flows’.
ii) Refer Note 9 for Net debt reconciliation

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.
This is the Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846
Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 2 Private Limited**

**Mitish Somani**
Director
DIN : 01853530
Place: Pune
Date: May 9, 2023

**Ravi Damaraju**
Director
DIN : 09554649

# First Energy 2 Private Limited

## Statement of changes in equity for the period ended March 30, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**A Equity Share Capital** **(₹ in Lakhs)**

| Equity Shares of ₹ 10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---|---|
| Issued during the period | 11,535,006 | 1,153.50 |
| **As at March 31, 2023** | **11,535,006** | **1,153.50** |

**B Other Equity**

| Particulars | Retained Earnings | Total |
|---|---|---|
| Loss for the period | (50.68) | (50.68) |
| Other comprehensive income for the period | - | - |
| **Total Comprehensive loss for the period** | **(50.68)** | **(50.68)** |
| Cost related to issue of Own Equity Instruments | (12.69) | (12.69) |
| **As at March 31, 2023** | **(63.37)** | **(63.37)** |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.
This is the Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 2 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

Place: Pune
Date: May 9, 2023

**Ravi Damaraju**
Director
DIN : 09554649

**Notes to the financial statements for the period March 30, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**1. Corporate information**

First Energy 2 Private Limited ("the Company"), is a private limited company domiciled in India and incorporated on March 30,2022 under the provisions of Indian Companies Act, 2013 is subsidiary of First Energy Private Limited. The Company is primarily engaged in the business as a producer and distributor of solar power by using solar cells including developing, building, and solar power projects.

The address of the Company's registered office is 6th Floor. Office No.601, Cello Platina, FC Road, Shivaji Nagar Pune, Maharashtra 411005. The CIN of the Company is U40300PN2022PTC209863

**2. Significant accounting policies**

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

**2.1. Basis of preparation and measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.3.

The accounting policies adopted for preparation and presentation of these financial statements have been consistently applied.

**(b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**2.2 Summary of significant accounting policies**

**a. Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.3)
- Quantitative disclosures of fair value measurement hierarchy (note 24)
- Financial instruments (including those carried at amortized cost) (note 24)

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or capitalised a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is capitalised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects

**Cost for issuance of equity instruments:**

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**i. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or

Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment

loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**l. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**m. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has been identified as the chief operating decision maker of the Company.

**n. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**o. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**p. Rounding of amounts:**

Amounts disclosed in the financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.3 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.3.1. Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Impliment of Property Plant & Equipmet**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends

**Notes to the financial statements for the period March 30, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**ii. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months

**2.3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**ii. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**3 (a) Property, Plant and Equipment**

| Particluars | Land Freehold | Solar Power Plant | Total | Capital work-in-progress |
|---|---|---|---|---|
| **Gross Block** | | | | |
| **As at March 30, 2022** | **-** | **-** | **-** | **-** |
| Additions | 103.26 | - | 103.26 | 3,761.77 |
| Deductions | - | - | - | - |
| **As at March 31, 2023** | **103.26** | **-** | **103.26** | **3,761.77** |
| **Depreciation** | | | | |
| **As at March 30, 2022** | **-** | **-** | **-** | **-** |
| For the period | - | - | - | - |
| Deductions | - | - | - | - |
| **As at March 31, 2023** | **-** | **-** | **-** | **-** |
| **Net Block** | | | | |
| **As at March 31, 2023** | **103.26** | **-** | **103.26** | **3,761.77** |

See note 9 for information on property, plant and equipment pledged as security by the Company.

**(b) Ageing of capital work-in-progress**

| Particulars/Projects | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| **Projects in progress** | | | | | |
| 7.5 MV Solar project | 3,761.77 | - | - | - | 3,761.77 |
| **Total** | **3,761.77** | **-** | **-** | **-** | **3,761.77** |

Capital work-in-progress balance pertains to overdue project and is expected to be completed and capitalised in April 2023.

**Capitalization of expenses**

During the period, the Company has capitalized the following expenses of revenue nature to the cost of Capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

| Particulars | As at March 31, 2023 |
|---|---|
| Reimbursement of Salaries and wages | 20.22 |
| Reimbursement of Others Expenses | 3.24 |
| **Total** | **23.46** |

**4 Other Financial Assets (Non-current)**

| Particulars | As at March 31, 2023 |
|---|---|
| **Security deposits** | |
| Unsecured, considered good | 5.37 |
| **Total** | **5.37** |

**5 Other Current Assets**

| Particulars | As at March 31, 2023 |
|---|---|
| **Advance to employees** | |
| Unsecured, considered good | 0.29 |
| Prepaid expenses | 6.40 |
| **Total** | **6.69** |

**6 Cash and Cash Equivalents**

| Particulars | As at March 31, 2023 |
|---|---|
| **Balance with Bank** | |
| - in Current accounts | 33.54 |
| -deposits with original maturity of less than 3 months | 25.12 |
| **Total** | **58.66** |

**7 Share Capital**

**Authorised Share Capital**

Equity shares of ₹10 each

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **As at March 30, 2022** | **-** | **-** |
| Increase during the period | 12,000,000 | 1,200.00 |
| **As at March 31, 2023** | **12,000,000** | **1,200.00** |

**Terms/Rights attached to the 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 of the Company 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.

**Issued, Subscribed and Paid Share Capital**

Equity shares of ₹10 each

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **As at March 30, 2022** | - | - |
| Changes during the period | 11,535,006 | 1,153.50 |
| **As at March 31, 2023** | **11,535,006** | **1,153.50** |

**Equity shares held by holding company**

| Name of Company | As at March 31, 2023 | |
|---|---|---|
| | No. of shares | ₹ in Lakhs |
| **Holding company** | | |
| First Energy Private Limited | | |
| Equity shares of ₹ 10 each | 8,535,005 | 853.50 |

**Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Name of the Shareholder | As at March 31, 2023 |
|---|---|
| (i) First Energy Private Limited, India (Promoter) | |
| % Holding | 73.99% |
| No. of shares | 8,535,005 |
| (ii) Heubach Colorants India Limited | |
| % Holding | 26.01% |
| No. of shares | 3,000,000 |

**Shares held by promoters at the end of the period**

**As at March 31, 2023**

| Name of Promoter | No. of shares | % of total number of shares |
|---|---|---|
| First Energy Private Limited, India | 8,535,005 | 73.99% |

**8 Other Equity**

| Particulars | As at March 31, 2023 |
|---|---|
| **Retained Earnings** | |
| Loss for the period | (50.68) |
| Add : Other Comprehensive Income for the period | - |
| | **(50.68)** |
| Cost related to issue of Own Equity Instruments | (12.69) |
| **Total** | **(63.37)** |

**9 (a) Borrowings (Non-Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| **Secured loans from Bank** | |
| Indian rupee loans from banks* | 2,643.47 |
| Less: Current maturities of long-term debt (included in current borrowings) | 60.57 |
| **Total** | **2,582.90** |

* After considering unamortised transaction cost of Rs. 48.53 lakhs as at March 31, 2023

| | |
|---|---|
| Aggregate secured borrowings | 2,582.90 |
| Aggregate unsecured borrowings | - |

**(a) Loans are measured at amortised cost.**

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| **Unsecured borrowings** | | | | |
| Loan from Yes Bank | June 30, 2042 | 76 structured quarterly Installment start from 30th September, 2023 | 9.15% p.a. (Interest rate 3M MCLR) | 2,643.47 |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the period, in this case 9.15%.

**(b) Term Loans from Bank**

Indian rupee loans from banks is secured by way of charge on all present and future moveable and immovable assets including plant & machinery, machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature and when arising and pledge of 51% of shares of the Company held by the holding company.

**9 (b) Borrowings (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| **Secured loans** | |
| Current maturities of long term borrowings | 60.57 |
| **Total** | **60.57** |

| | |
|---|---|
| Aggregate secured borrowings | 60.57 |
| Aggregate unsecured borrowings | - |

**Net debt reconciliation**

| Particulars | As at March 31, 2023 |
|---|---|
| Borrowings | (2,643.47) |
| Accrued interest | (20.92) |
| Cash and cash equivalent | 58.66 |
| **Net debt** | **(2,605.73)** |

**Notes to the financial statements for the period March 30, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Other Assets | Liabilities from financing activities | Total |
|---|---|---|---|
| | Cash & cash equivalent | Borrowings | |
| **Net debt as at 30th March 2022** | - | - | - |
| Cash flows | 58.66 | (2,643.47) | (2,584.81) |
| Interest cost capitalised | - | (29.02) | (29.02) |
| Interest paid | - | 8.10 | 8.10 |
| **Net debt as at 31st March 2023** | **58.66** | **(2,664.39)** | **(2,605.73)** |

During the period, the Company has used the borrowings for the specific purpose for which they have been obtained.

**10 Trade Payables**

| Particulars | As at March 31, 2023 |
|---|---|
| Due to micro & small enterprises | 0.68 |
| Due to other than micro & small enterprises | 3.11 |
| Trade payables to related parties (refer note 20) | 38.69 |
| **Total** | **42.48** |

Ageing schedule for trade payable

**As at March 31, 2023**

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro & small enterprises | 0.68 | - | - | - | - | - | 0.68 |
| (ii) Others | 41.80 | - | - | - | - | | 41.80 |
| **Total** | **42.48** | **-** | **-** | **-** | **-** | **-** | **42.48** |

**11 Other financial liabilities (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Payable for capital purchases | 126.45 |
| Interest accrued but not due on term loan | 20.92 |
| Other payables | 0.81 |
| **Total** | **148.18** |

**12 Current Tax Liability**

| Particulars | As at March 31, 2023 |
|---|---|
| Opening balance | - |
| Add: Current tax payable for the year (including interest) | 9.22 |
| Less: Taxes Paid | (0.16) |
| **Closing balance** | **9.06** |

The tax expense consists of following:

| Particulars | As at March 31, 2023 |
|---|---|
| Current tax expense | 8.59 |
| Deferred tax (benefit) / charge | - |
| **Total** | **8.59** |

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | As at March 31, 2023 |
|---|---|
| **Loss before tax** | (42.09) |
| Income tax rate | 17.16% |
| Expected tax expense | (7.22) |
| Other | 15.82 |
| **Total tax expense** | **8.59** |

**13 Other Current Liabilities**

| Particulars | As at March 31, 2023 |
|---|---|
| Statutory dues* | 2.43 |
| **Total** | **2.43** |

*Mainly include tax deducted at source and GST liability

**14 Other Income**

| Particulars | March 30, 2022 to March 31, 2023 |
|---|---|
| Interest on bank deposits | 1.75 |
| **Total** | **1.75** |

**15 Finance Costs**

| Particulars | March 30, 2022 to March 31, 2023 |
|---|---|
| Interest on delay in tax payment | 0.80 |
| **Total** | **0.80** |

**16 Other Expenses**

| Particulars | March 30, 2022 to March 31, 2023 |
|---|---|
| Rates and taxes | 0.89 |
| Printing and stationery | 0.02 |
| Professional charges | 0.99 |
| Auditor's remuneration (Refer below note ) | 1.77 |
| Corporate overhead allocation | 38.69 |
| Miscellaneous expenses | 0.68 |
| **Total** | **43.04** |

**Note: Auditor's remuneration**

| Particulars | As at March 31, 2023 |
|---|---|
| Statutory Audit Fees | 1.77 |
| **Total** | **1.77** |

**17 Loss per share**

| Particulars | March 30, 2022 to March 31, 2023 |
|---|---|
| Net Loss attributable to the Equity shareholders of the Company | (50.68) |
| Weighted average number of Equity shares of Rs.10/- each | 6,490,723 |
| **Basic and Diluted Loss per share** | **(0.78)** |

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**Contingent Liabilities and commitments**

**18 Contingent Liabilities**

There are no liabilities of contingent nature.

**19 Capital and other commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Nil.

**20 Related party disclosures**

**A Immediate Holding Company**

First Energy Private Limited

**B Ultimate Holding Company**

RDA Holding Private Limited

**C Entities under common control**

Jalansar Wind Energy Private Limited (w.e.f. June 23, 2022)

Kanakal Wind Energy Private Limited (w.e.f. June 23, 2022)

**D Key Management Personnel:**

1 Ravi Damaraju - Director

2 Mitish Somani - Director

3 Sandeep Mandke - Director (w.e.f. March 30, 2023)

4 Harpreet Singh - Director ( Till March 31, 2023)

**E Transactions with Related parties:**

| Particulars | March 30, 2022 to March 31, 2023 |
|---|---|
| **(a) Transactions during the period** | |
| **With Immediate Holding Company** | |
| First Energy Private Limited | |
| Subscription for equity shares by holding company | 853.50 |
| Reimbursment of expenses (inclusive of reimbursement of capital expenditure) | 2,567.99 |
| **Entities under common control** | |
| Jalansar Wind Energy Private Limited | |
| Reimbursment of expenses | 1.04 |
| Kanakal Wind Energy Private Limited | |
| Reimbursment of expenses | 1.56 |

**F Outstanding balances**

| Particulars | As at March 31, 2023 |
|---|---|
| **(b) Balances as at the period end** | |
| **Immediate Holding Company** | |
| First Energy Private Limited | |
| Capital crediors payable | 24.62 |
| Trade Payable | 38.69 |
| **Entities under common control** | |
| Jalansar Wind Energy Private Limited | |
| Reimbursment of expenses | 1.04 |
| Kanakal Wind Energy Private Limited | |
| Reimbursment of expenses | 1.56 |

**G. Terms and conditions for outstanding balances**

All outstanding balances are unsecured, interest free except for borrowings and payable in cash.

**21 Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Trade payable | 42.48 |
| Borrowing | 2,643.47 |
| Payable for capital purchases | 126.45 |
| Other payables | 0.81 |
| Interest payable | 20.92 |
| **Total** | **2,834.13** |
| Current financial liabilities | 251.23 |
| Non current financial liabilities | 2,582.90 |
| **Total** | **2,834.13** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Other financial assets | 5.37 |
| Cash and cash equivalents | 58.66 |
| **Total** | **64.03** |
| Current financial assets | 58.66 |
| Non-current financial assets | 5.37 |
| **Total** | **64.03** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**22 Financial risk management**

The Company's principal financial liabilities, comprise 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 trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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 two types of risk: interest rate risk, currency risk and price risk,

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset

**Notes to the financial statements for the period March 30, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023

**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.

**Interest rate sensitivity**

Impact due to sensitivity of interest rates is not calculated, because the Company's loss before tax is not affected through the impact on floating rate borrowings, as borrowing is towards acquiring a qualifying asset and the interest is capitalised according to IND AS 23.

**b) Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company has not entered into any foreign currency transaction during the period and hence not exposed to any foreign currency risk.

**c) Price risk**

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company is not currently exposed significantly to such risk

**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 investing activities, including deposits with banks.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Parent Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, Parent Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

**March 31, 2023**

| Particulars | On demand | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | - | 60.57 | 177.90 | 199.32 | 2,205.68 |
| Trade Payables | - | 41.80 | - | - | - |
| Other financial liabilities | | 148.18 | - | - | - |

**23 Analytical ratios**

| S. No. | Particulars | Numerator | Denominator | For the period ended March 31, 2023 |
|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.25 |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | 2.42 |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.)" | Debt Service (Interest & Lease Payments + Principal Repayments) | (1.45) |
| 4 | Return on Equity | Net Profits after taxes before exceptional items | Shareholder's Equity | (0.05) |
| 5 | Return on investment | Earning before interest and taxes | Total assets | (0.01) |
| 6 | Return on Capital employed | Earning before interest and taxes | Capital Employed | (0.01) |

Capital employed = Tangible Net worth + total debt

**24 Capital Management**

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Company.

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| | March 31, 2023 |
|---|---|
| Borrowings | 2,643.47 |
| Less: Cash and cash equivalents (includes other bank balances) | 58.66 |
| **Net debt** | **2,584.81** |
| **Equity** | **1090.13** |
| **Net Debt to Equity** | **2.37** |

**Loan Covenants**

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:

(i) Fixed asset coverage ratio should not be less than 1.24 times in the year and;

(ii) Debt Service Coverage Ratio does not fall below 1.25 and;

(iii) Interest Service Coverage Ratio should be minimum 1.50 and;

(iii) Total outsatnding liabilties/Tangible Net Woth is less than or equal to 4:1

Financial Covenant with respect to Debt to Equity Ratio/DSCR shall be first tested based on the audited financial statements from the first full year of operation after commercial operation date which is expected in next year.

**25 Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

Dues to small-scale industrial undertakings have been worked out on the basis of information available with the Management.

| Sr No | Particulars | As at March 31, 2023 |
|---|---|---|
| a) | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at period end (Refer note 10) | 0.68 |
| b) | Interest due to suppliers registered under the MSMED Act for the year and remaining unpaid as at period end | - |
| c) | Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period | - |
| d) | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period | - |
| e) | Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - |
| f) | Further Interest remaining due and payable for earlier years | - |

**26 Segment reporting**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company's business viz "Producer of power through renewable energy source". Hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

**27. Other Statutory Information**

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

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current period.

(iv) There is no income surrendered or disclosed as income during the current in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

(viii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries)

or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**28** The Company is incorporated on March 30, 2022. The financial statements are prepared for the period March 30, 2022 to March 31, 2023 as the first financial statement of the Company. Hence, comparative figures do not exist for the current period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy 2 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# First Energy 3 Private Limited

| Board of Directors | Registered Office | Auditors |
|---|---|---|
| Mitish Somani<br>Ravi Damaraju<br>Sandeep Mandke | Unit No. 601, 6th Floor,<br>Cello Platina, F.C. Road,<br>Shivajinagar, Pune 411005 | Price Waterhouse & Co.<br>Chartered Accountants LLP<br>7th Floor, Business Bay, Tower A,<br>Wing -1, Airport Road,<br>Yerwada, Pune 411006 |

***Bankers***

ICICI Bank
Bank of Maharashtra

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the First Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

The Company's financial performance from the date of Incorporation till March 31, 2023, is summarized below:

(Rs. in Lakh)

| Particulars | As on March 31,2023 |
|---|---|
| Total income | 46.36 |
| Profit/(Loss) before depreciation | (170.87) |
| Depreciation and impairment | - |
| Profit/(Loss) before tax | (170.87) |
| Provision for taxation (incl. deferred tax) | - |
| Items that not to be reclassified to profit or loss | - |
| Profit/(Loss) after tax | (170.87) |

**State of Company's Affairs**

The Company was incorporated on May 25, 2022. During the year, the Company has started construction of Renewable Energy Plant with Wind & Solar Hybrid Technology. Plant capacity is 25MW (24.3MW Wind & 27.5MWp Solar) using Solar PV Mono crystalline modules and GE Wind Turbines of 2.7 MW each for wind electricity generation.

The plant is at the pre-commissioning stage.

**Material changes affecting the Financial Position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affects the financial position of the Company.

**Dividend**

The directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the company has not transferred any amount to the General Reserve.

**Share Capital**

During the year there were changes in the capital structure. The Company has increased its authorized share capital from Rs. 1,00,000/- (Rupees One Lakh only) consisting of 10,000 (Ten Thousand) equity shares of Rs. 10/- each to Rs. 100,00,00,000 (Rupees One Hundred Crores) consisting of 10,00,00,000 (Ten crore) Equity Shares of Rs. 10 each. The increase in share capital was approved by the members of the Company in their Extra-Ordinary General Meeting held on August 05, 2022.

The Paid-up Share Capital of the Company is Rs. 99,80,90,000 divided into Equity Shares of 9,98,09,000 of Rs.10 each. During the year under review, the Company has made further issue of shares to the existing shareholders on a rights and private placement basis. Details of the further issue of shares are as follows:

| Date of Issue | Number of Shares | Nominal value per share (Rs.) | Amount paid up (Rs.) |
|---|---|---|---|
| 25/08/2022 | 4,00,00,000 | 10 | 40,00,00,000 |
| 05/11/2022 | 77,61,000 | 10 | 7,76,10,000 |
| 21/11/2022 | 80,08,000 | 10 | 8,00,80,000 |
| 06/01/2023 | 79,85,000 | 10 | 7,98,50,000 |
| 02/02/2023 | 3,60,45,000 | 10 | 36,04,50,000 |

The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures, and Associates**

The Company does not have any Subsidiary, Joint Venture, or Associate Company as on March 31, 2023.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not make any investment nor did the company give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

**Restriction on purchase by the Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or to subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of the risks in its Solar business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involved the risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also collaborates with competent local infra partners and engages with experienced and capable service partners.

- **Renewable Sources and Grid Availability**

  The risk identified by the Company is lower generation on account of lower radiation, wind speed, and Grid failures. The Company continuously studies the radiation levels and Wind Resources Assessment with historical data from reliable sources and accordingly sizes the plant and the financial models for arriving at the right tariff for the available conditions. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk involved the risk of revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance. The Company is also using waterless robotic technology for cleaning modules and therefore manpower dependency is reduced.

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

During the year the Company took below health and safety initiatives:

- Implementation of simultaneous operational procedure with job safety analysis
- LOTO (Lock & Tag Off) training and implementation is done.
- 129773 safe man hours achieved with zero LTI/Medical case.
- Organized emergency preparedness plan prior to commissioning activities.

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

During the year, Mr. Ashok Joshi (DIN 02296952) and Mr. Sanjay Parande (DIN 07161299) were appointed as Additional Independent Directors of the Company w.e.f. December 23, 2022.

The Board believes that both independent directors possess the requisite skills, expertise and experience and have obtained registration certificates pursuant to the provision of section 150(3) of the Companies Act, 2013, read with Rule 6 of the Companies (Appointment and Qualification of Directors) Amendment Rules, 2020 from the Indian Institute of Corporate Affairs.

The Company has received the necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

The Independent Directors met once during the financial year 2022-23 on February 1, 2023.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Mitish Somani (DIN 01853530) retires by rotation and being eligible offers, himself for re-appointment.

**Policy on directors' appointment and remuneration**

In terms of Section 178(3) of the Companies Act, 2013, the Company has adopted the Policy on directors' appointment and remuneration. The said policy is enclosed as Annexure – 1 to this Report.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its performance and of its individual Directors.

**Key Managerial Personnel**

During the year, the Company has appointed Ms. Anjali Lothe as the Chief Executive Officer, Ms. Veda Pathak (ACS 67023) as a Company Secretary and Mr. Omkar Sheth as a Chief Financial Officer of the Company in terms of Section 203 of the Companies Act, 2013 w.e.f February 1, 2023.

**Board Meetings**

The Board met nine times during the year under review, on May 31, 2022, August 04, 2022, August 22, 2022, August 25, 2022, November 10, 2022, November 18, 2022, December 5, 2022, December 23, 2022, January 10, 2023 and February 01, 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Board Committees**

<u>Audit Committee</u>

The Board has constituted the Audit Committee of its members w.e.f. December 23, 2022, and adopted Terms of Reference as stipulated in the Companies Act, 2013. The Audit Committee met once during the year under review on February 1, 2023. The composition of the Audit Committee is as under:

Mr. Sanjay Parande – Chairman

Mr. Ashok Joshi

Mr. Mitish Somani

<u>Nomination and Remuneration Committee</u>

The Board has constituted the Nomination and Remuneration Committee of its members w.e.f. December 23, 2022, and adopted Terms of Reference as stipulated in the Companies Act, 2013. the Nomination & Remuneration Committee met once during the year under review on February 1, 2023. The composition of the Nomination & Remuneration Committee is as under:

Mr. Ashok Joshi - Chairman

Mr. Sanjay Parande

Mr. Ravi Damaraju

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have 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 and of the profit and loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, RPTs were placed before the Board or Audit Committee for noting purposes. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the financial statements.

The Company has adopted the Related Party Policy of Thermax Limited, the holding company of the Company, which is applicable to all subsidiaries of Thermax Limited.

**Financial Statements**

Pursuant to Section 2(41) of the Companies Act, 2013, the financial year of the companies incorporated after the 1st day of January of a year shall end on the 31st day of March of the following year, in respect whereof the financial statement of the company is made up. Accordingly, the Company has prepared the financial statements from the date of incorporation to March 31, 2023, as per Schedule III to the Companies Act, 2013, as amended from time to time.

**Maintenance of Cost Records**

Pursuant to Section 148(1) of the Companies Act, 2013, the requirement for maintenance of cost records is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind and associated Renewable energy generation sources for commercial & industrial customers. As a part of its "Build-Green" initiatives, the Company has installed solar powered Robots to clean the solar modules at the Opex projects thus ensuring waterless cleaning.

In the case of Technology absorption, the Company used higher rated (540 & 550Wp) Monoperc PV models with better efficiency. The structure is designed to withstand the wind load. Robot technology is being adopted for cleaning the modules and this will help to conserve water and reduce soiling losses.

**Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings and outgo during the year.

**Particulars of Employees**

Since the company is a Subsidiary of First Energy Private Limited and incorporated for the purpose of carrying out solar business, there are no employees on the rolls of the company as on March 31, 2023.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators/Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment for its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

**Vigil mechanism**

The Company has adopted the whistle blower policy of Thermax Limited, the holding company of the Company, which is applicable to all subsidiaries of Thermax Limited.

**Auditors**

Statutory Auditors

The Shareholders in their Extra- Ordinary General Meeting held on August 25, 2022, has appointed M/s Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) as the Statutory Auditors of the Company for FY 2022-23 until the conclusion of 1st Annual General Meeting to be held in FY 2023-24.

Secretarial Auditors

In accordance with the provisions of Section 204 of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ladda Bhutada & Associates, Company Secretaries, Pune, to undertake the secretarial audit of the Company for FY 2022-23. The Secretarial Audit Report for FY 2022-23 is attached as Annexure 2 to this Report.

The observations of the secretarial auditors in their report are self-explanatory and therefore, the directors do not have any further comments to offer on the same.

The Secretarial Audit Report does not contain any qualifications, reservations, adverse remarks or disclaimers.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work and support.

**For and on behalf of the Board of Directors of**

**First Energy 3 Private Limited**

| | |
|---|---|
| **Mitish Somani** | **Ravi Damaraju** |
| Director | Director |
| DIN - 01853530 | DIN - 09554649 |

**Pune, May 09, 2023**

**Annexure - 1**

**Policy on selection and appointment of Directors and remuneration of Directors, KMPs and Employees**

The Nomination & Remuneration Committee (NRC) has prepared a "Terms of Reference" (TOR), which, inter alia, deals with laying down the criteria for the selection of Non-Executive Directors (NEDs), based on the requirements of the organization, including the qualifications and determining the independence of Directors. The NRC has also laid down the criteria for the evaluation of the performance of the Board and guidelines for determining the remuneration of Directors. This Policy is based on the above TOR of NRC:

**(1) Criteria for selection and appointment of Directors:**

(a) The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.

(b) While selecting a director, the emphasis be given to the qualifications, experience, and personal and professional standing of the incumbent.

(c) Assess the independence and nature of the appointment as Director vis-à-vis any conflict of interest w.r.t. any pecuniary relationship and procure necessary declaration.

(d) The Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.

(e) In the event of re-appointment of the Director, due emphasis be given to the performance evaluation of the Director during his tenure.

**(2) Remuneration:**

The remuneration payable to Directors shall be in accordance with Sec. 197 of the Companies Act, 2013 and other applicable provisions & rules made thereunder from time to time.

The Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings.

The Independent Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees.

**(3) Criteria for selection of MD, WTD & CEO:**

For selection of the MD, WTD and CEO, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendations, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria regarding age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

**(4) Remuneration for MD, WTD & CEO:**

i. At the time of appointment or re-appointment, the Managing Director (MD), Whole Time Director (WTD) and Chief Executive Officer (CEO) shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the MD, WTD and CEO within the overall limits prescribed under the Companies Act, 2013.

ii. The remuneration shall be subject to the approval of the Members of the Company in the General Meeting.

iii. The remuneration of the MD, WTD and CEO is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises a performance bonus.

iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure/consider the following:

a. the relationship of remuneration and performance benchmarks is clear.

b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.

c. responsibility required to be shouldered by the MD, WTD and CEO, the industry benchmarks, and the current trends.

d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

**(5) Remuneration Policy for Senior Management, KMPs and employees:**

The NRC, while determining the remuneration of Senior Management/employees and KMPs shall ensure the following:

(i) The remuneration is divided into Fixed component & Variable Component.

(ii) The division is based on the fixed salary and performance bonuses.

(iii) The division between fixed and variable is based on the roles & responsibilities, the Company's performance vis-à-vis KRA & KPIs, industry benchmark and current compensation trends in the market.

Based on the Annual Business Plan prepared, Individual Contribution Plan (ICP) is prepared by the Senior Management which is agreed upon. It broadly contains certain targets for strategic objectives, operational excellence oriented initiatives, and business deliverables. The actual performance of individual reportee will be discussed by the MD and CEO at the year's end. Based on the appraisal and overall performance of the Company and after considering the market trends, suitable increments/variable pay shall be decided by the MD and CEO.

The MD & CEO will present a snapshot of the evaluation carried out to assess the performance of the Whole-time Director, while recommending the annual increment of the NRC, for its review and approval.

**Annexure - 2**

**Secretarial Audit Report**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL PERIOD ENDED 31ST MARCH, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
**FIRST ENERGY 3 PRIVATE LIMITED**
Regd. Office Address: 6th Floor, Office No. 601 Cello Platina,
F. C. Road, Shivajinagar, Pune - 411005, Maharashtra, India.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. First Energy 3 Private Limited** bearing **CIN: U40100PN2022PTC211607** (hereinafter called 'the Company'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

**Report on Secretarial Records and Compliances made thereunder**

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, the explanations and clarifications given to us and the representation made by the Management we hereby report that in my opinion, the company has, during the audit period covering the financial period ended on **31st March, 2023,** 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 on a test basis and other records maintained by the Company for the financial period ended on March 31, 2023 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956, (SCRA) and the rules made thereunder; **Not applicable;**

iii. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, and the Regulations and Bye-laws framed thereunder; **Not applicable;**

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings; **Not applicable;**

v. The Company is not listed on any Stock Exchange in India hence the following Acts, Regulations, Guidelines etc. was **not applicable** to the Company:

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

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

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

(d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) The Securities and Exchange Board of India (Registration to an Issue and Share Transfers Agents) Regulations, 1993;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

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

vi. As per the management representation no other laws applicable except mentioned below specifically to the Company during the audit period:

(a) The Indian Contract Act, 1872

(b) The Income Tax, 1961

(c) The Goods and Service Tax Act, 2017

(d) The Electricity Act 2003

(e) The Indian Stamp Act, 1899 and The Indian Stamp Act 1899 and The Maharashtra Stamp Act, 1958

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

(i) Secretarial Standards as issued and notified by The Institute of Company Secretaries of India relating to Board Meetings and General Meetings: During the period ended 31st March, 2023, the Company has complied with the applicable clauses of Secretarial Standard (SS-1 and SS-2) issued by the Institute of Company Secretaries of India and it was noted that the Company has complied with the same to the extent possible.

(ii) The Listing agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015; **Not applicable**

**Based on the information received and records maintained, we further report that:**

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

1.1. There was the appointment of two Independent Directors namely, Mr. Ashok Keshav Joshi (DIN: 02296952) and Mr. Sanjay Dinkar Parande (DIN: 07161299) w.e.f. December 23, 2022.

1.2. Ms. Anjali Sandeep Lothe (PAN: AAWPJ3426D) was appointed as Chief Executive Officer w.e.f. February 01, 2023

1.3. Mr. Omkar Pravin Sheth (PAN: BCIPS7314G) was appointed as Chief Financial Officer w.e.f. February 01, 2023

1.4. Ms. Veda Manoj Pathak (PAN: CQOPP2084F) was appointed as Company Secretary w.e.f. February 01, 2023.

2. Adequate notice(s) have been given to all directors to schedule the Board Meetings and Committee Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance and, in case of shorter notice, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. All the decisions in the board meetings were carried through by majority while there were no dissenting member's views and hence not captured and recorded as part of the minutes.

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

# First Energy 3 Private Limited

**We further report that** during the audit period the Company has following events /actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards & guidelines, if any, as may be referred to above:

i. The Members at the general meeting on 5th August, 2022 increased from Rs 1 Lakh to Rs. 10,000 Lakhs equity shares, by way of special resolution.

ii. The Members have approved preferential issues/s as below-

(a) 1,57,69,000 equity shares on 'preferential basis through private placement' 21st November, 2022;

(b) 1,01,90,000 equity shares on 'preferential basis by way of private placement' on 6th January, 2023;

(c) 3,60,45,000 equity shares on 'preferential basis by way of private placement' on 2nd February, 2023

iii. The Board has issued and allotted equity shares as below-

(a) 4,00,00,000 equity shares on 'right basis' to existing shareholder on 16th September, 2022;

(b) 80,08,000 equity shares on 'preferential basis through private placement' on 22nd December, 2022;

(c) 77,61,000 equity shares on 'preferential basis through private placement' on 5th January, 2023;

(d) 79,85,000 equity shares on 'preferential basis by way of private placement' on 30th January, 2023;

(e) 3,60,45,000 equity shares on 'preferential basis by way of private placement' on 7th February, 2023.

iv. The Members have approved following by way of special resolution on 25th August, 2022-

(a) increase in borrowing powers of the Board and authorization limit to secure the borrowings pursuant to section 180 (1) (c);

(b) appointment of first auditor of the Company

v. The board committees, namely Audit Committee and Nomination and Remuneration Committee have been constituted.

**For Ladda Bhutada And Associates,**
Company Secretaries,
ICSI Unique Code: P2009MH019500
Peer Review Cert. No.: 3288/2023

**Pramodkumar Ladda**
Partner
FCS: 7326; COP No.: 8006
ICSI UDIN: F007326E000270314

Date: May 09, 2023/ Vaisakha, Saka 1945

Place: Pune

*Note:. This report is to be read with Annexure A, which forms an integral part of this report.*

**Annexure-A'**

**To the Secretarial Audit Report**

**For the financial period ended 31st March, 2023**

To,

The Members,

FIRST ENERGY 3 PRIVATE LIMITED

Regd. Office Address: 6th Floor, Office No. 601 Cello Platina,

F. C. Road, Shivajinagar, Pune - 411005, Maharashtra, India.

Our Secretarial Audit report for the financial period ending 31st March, 2023, of even date is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to Secretarial Compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. We have followed the audit practice 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.

**Disclaimer**

6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

7. The Secretarial Audit report is neither an assurance as to the future liability of the Company nor of the efficiency of effectiveness with which the management has conducted the affairs of the Company.

8. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

**For Ladda Bhutada And Associates,**

Company Secretaries,

ICSI Unique Code: P2009MH019500

Peer Review Cert. No.: 3288/2023

**Pramodkumar Ladda**

Partner

FCS: 7326; COP No.: 8006

ICSI UDIN: F007326E000270314

Date: May 09, 2023/ Vaisakha, Saka 1945

Place: Pune

# First Energy 3 Private Limited

**INDEPENDENT AUDITOR'S REPORT**

To the Members of First Energy 3 Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of First Energy 3 Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the period from May 25, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the period from May 25, 2022 to March 31, 2023.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditor's responsibilities for the audit of the financial statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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**

11. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-

section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. 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.

(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 Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

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

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A".

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

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 31(viii) to the financial statements);

(b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 31(vii) to the financial statements); and

(c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the period.

vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

13. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/ provided any managerial remuneration during the period.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLE6647

Place: Pune
Date: May 11, 2023

# First Energy 3 Private Limited

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of First Energy 3 Private Limited on the financial statements for the period from May 25, 2022 to March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of First Energy 3 Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period from May 25, 2022 to March 31, 2023.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLE6647

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of First Energy 2 Private Limited on the financial statements as of and for the period from May 25, 2022 to March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B)According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the period and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 3 to the financial statements, are held in the name of the Company.

(d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets). Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of generating power from renewable energy source and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.

. (b) During the period, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. As informed to us, the Company is not required to file quarterly returns or statements with such banks and accordingly, the question of our commenting on whether these returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues of income-tax and goods and services tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the period.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. (Also refer Note 13 to the financial statements).

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has used funds raised on short-term basis aggregating Rs. 18.33 lakhs for long-term purposes.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiary, joint venture or associate company during the period. Accordingly, reporting under this Clause is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the period. Accordingly, reporting under this Clause is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the period from May 25, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has made a private placement of shares during the period, in compliance with the requirements of Section 42 and Section 62 of the Act. The funds raised have been used for the purpose for which funds were raised.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the period from May 25, 2022 to March 31, 2023, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the period from May 25, 2022 to March 31, 2023 by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 “Related Party Disclosures” specified under Section 133 of the Act.

xiv. (a) In our opinion and based on our examination, the Company did not have an internal audit system during the period.

(b) The Company is not mandated to have an internal audit system during the period.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the period from May 25, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has incurred cash losses of Rs. 170.87 lakhs in the period from May 25, 2022 to March 31, 2023.

xviii. There has been no resignation of the statutory auditors during the period and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 28 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLE6647

Place: Pune
Date: May 11, 2023

## Balance Sheet as at 31.03.2023

*(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 |
|---|---|---|
| **Assets** | | |
| **I. Non-current assets** | | |
| Property, plant and equipment | 3(a) | 149.83 |
| Right of use asset | 3(b) | 1,291.98 |
| Capital work in progress | 3(a) | 34,364.79 |
| Financial assets | | |
| Other financial assets | 4 | 75.00 |
| Deferred Tax Assets (net) | 5 | - |
| Current tax Assets (net) | 6 | 4.90 |
| Other assets | 7 | 49.39 |
| **Total non-current assets** | | **35,935.89** |
| **II. Current assets** | | |
| Financial assets | | |
| (a) Cash and cash equivalents | 8 | 9,562.70 |
| (b) Other financial assets | 9 | 4.75 |
| Other current assets | 10 | 29.45 |
| **Total current assets** | | **9,596.90** |
| **Total assets** | | **45,532.79** |
| **Equity and liabilities** | | |
| **III. Equity** | | |
| Equity share capital | 11 | 9,980.90 |
| Other equity | 12 | (267.16) |
| **Total Equity** | | **9,713.74** |
| **IV. Non-current liabilities** | | |
| Financial liabilities | | |
| (a) Borrowings | 13(a) | 25,049.91 |
| (b) Lease Liabilities | 23 | 617.91 |
| **Total non-current liabilities** | | **25,667.82** |
| **V. Current liabilities** | | |
| Financial liabilities | | |
| (a) Borrowings | 13(b) | 8,105.88 |
| (b) Lease Liabilities | 23 | 8.88 |
| (c) Trade payables | 14 | |
| i. Total outstanding dues of micro enterprises and small enterprises | | - |
| ii. Total outstanding dues of creditors other than micro enterprises and small enterprises | | 181.14 |
| (d) Other financial liabilities | 15 | 1,775.14 |
| Other liabilities | 16 | 80.19 |
| **Total current liabilities** | | **10,151.23** |
| **Total equity and liabilities** | | **45,532.79** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

## Statement of profit and loss for the period May 25, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No | For the period ended March 31, 2023 |
|---|---|---|
| **Income** | | |
| Revenue from operations | | - |
| Other income | 17 | 46.36 |
| **Total Income (I)** | | **46.36** |
| **Expenses** | | |
| Finance cost | 18 | - |
| Depreciation, amortisation expense and impairment | 19 | - |
| Other Expenses | 20 | 217.23 |
| **Total expenses (II)** | | **217.23** |
| **Loss before tax** | | **(170.87)** |
| **Tax expense** | | |
| Current tax | | - |
| **Loss for the period** | | **(170.87)** |
| **Other comprehensive income** | | **-** |
| **Total comprehensive loss for the period** | | **(170.87)** |
| **Loss per equity share** | | |
| Basic and Diluted | 21 | (0.44) |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 3 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

**Anjali Lothe**
Chief Executive Officer

**Omkar Sheth**
Chief Financial Officer

**Veda Pathak**
Company Secretary

Place: Pune
Date: May 9, 2023

# First Energy 3 Private Limited

## Statement of Cash flow for the period May 25, 2022 to March 31, 2023

***(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)***

| | Particulars | Period ended March 31, 2023 |
|---|---|---|
| A) | **Cash flows used in operating activities** | |
| | Loss before tax | (170.87) |
| | **Adjustments to reconcile profit before tax to net cash flows** | |
| | Interest income | (46.36) |
| | **Working capital adjustments** | |
| | (Increase) in Other financial assets | (4.75) |
| | (Increase) in Other assets | (69.81) |
| | Increase in Trade Payables | 181.14 |
| | Increase in Other current liabilities | 80.19 |
| | **Cash used in operations** | **(30.46)** |
| | Direct taxes paid (net of refunds received) | (4.90) |
| | **Net cash flows used in operating activities** | **(35.36)** |
| B) | **Cash flows used in investing activities** | |
| | Payments for property, plant and equipment | (32,253.02) |
| | Interest received | 46.36 |
| | Iniital direct cost pertaining to right-of-use assets | (583.23) |
| | **Net cash flows used in investing activities** | **(32,789.89)** |
| C) | **Cash flows from financing activities** | |
| | Proceeds from issue of equity Instruments | 9,980.90 |
| | Proceeds from borrowings | 50,708.80 |
| | Repayment of borrowings | (17,280.92) |
| | Transaction cost for availing borrowing | (272.09) |
| | Cost related to issue of own equity instruments | (96.29) |
| | Interest paid and capitalised in property, plant and equipment | (456.50) |
| | Investment in fixed deposit | (75.00) |
| | Principal elements of lease payments | (120.95) |
| | **Net cash flows from financing activities** | **42,387.95** |
| | **Net increase in cash and cash equivalents** | **9,562.70** |
| | Cash and cash equivalents at the beginning of the period | - |
| | **Cash and cash equivalents at the beginning of the period** | **9,562.70** |
| | **Non-cash financing and investing activities** | |
| | -Acquisition of right-of-use assets | 1,309.88 |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | March 31, 2023 |
|---|---|
| Cash and cash equivalents (Note 8) | 9,562.70 |
| **Balances as per Cash flow statement** | **9,562.70** |

**Notes:**

i) Statement of Cash Flows has been prepared under the "Indirect Method" in accordance with 'IND AS 7 : Statement of Cash Flows'.

ii) Refer Note 13 for Net debt reconciliation

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 3 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

**Anjali Lothe**
Chief Executive Officer

**Omkar Sheth**
Chief Financial Officer

**Veda Pathak**
Company Secretary

Place: Pune
Date: May 9, 2023

## Statement of changes in Equity for the period May 25, 2022 to March 31, 2023

***(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)***

**A Equity Share Capital**

| Equity Shares of ₹ 10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---|---|
| Issue during the period | 99,809,000 | 9,980.90 |
| **As at March 31, 2023** | **99,809,000** | **9,980.90** |

**B Other Equity**

| Particulars | Reserves & Surplus | Cost related to issue of Own Equity Instruments(net of Deferred Tax) |
|---|---|---|
| Loss for the period | (170.87) | (170.87) |
| Other Comprehensive Income | - | - |
| **Total comprehensive loss for the period** | **(170.87)** | **(170.87)** |
| Cost related to issue of Own Equity Instruments | (96.29) | (96.29) |
| **As at March 31, 2023** | **(267.16)** | **(267.16)** |

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

This is the Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 3 Private Limited**

**Mitish Somani**
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Chief Executive Officer

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Chief Financial Officer

**Veda Pathak**
Company Secretary

Place: Pune
Date: May 9, 2023

**1. Corporate information**

First Energy 3 Private Limited ("the Company"), is a private limited company domiciled in India and incorporated on May 25, 2022 under the provisions of Indian Companies Act, 2013 is subsidiary of First Energy Private Limited. The Company is primarily engaged in the business as a producer and distributor of solar power by using solar cells including developing, building, and solar power projects.

The address of Company's registered office is 6th Floor, Office No. 601, Cello Platina, FC Road, Shivaji Nagar, Pune, Maharashtra 411005. The CIN of the Company is U40100PN2022PTC211607.

**2. Summary of Significant accounting policies**

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

**2.1. Basis of preparation and measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.4.

The accounting policies adopted for preparation and presentation of these financial statements have been consistently applied.

**(b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**2.2 Summary of significant accounting policies**

**a. Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.4)
- Quantitative disclosures of fair value measurement hierarchy (note24)
- Financial instruments (including those carried at amortized cost) (note 24)

**Notes to the Financial Statements for the period May 25, 2022 to March 31, 2023**

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

Cost for issuance of equity instruments:

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**i. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Leases**

***Company as a lessee***

The Company lease asset classes primarily consist leasehold lands. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease arrangements include the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at present value of the future lease payments. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company 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.

***Company as a lessor***

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**l. Impairment of non-financial assets**

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**m. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**n. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has been identified as the chief operating decision maker of the Company.

**o. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**p. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**q. Rounding of amounts:**

Amounts disclosed in the financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

### 2.3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### 2.3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**ii. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months

### 2.3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**ii. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

### 3 (a) Property, Plant and Equipment

| Particulars | Land Freehold | Total | Capital work-in-progress |
|---|---|---|---|
| **Gross block** | | | |
| **As at May 25, 2022** | **-** | **-** | **-** |
| Additions | 149.83 | 149.83 | 34,364.79 |
| Deductions/Amortization | - | - | - |
| **As at March 31, 2023** | **149.83** | **149.83** | **34,364.79** |
| **Depreciation** | | | |
| **As at May 25, 2022** | **-** | **-** | **-** |
| for the period | - | - | - |
| Deductions/Amortization | - | - | - |
| **As at March 31, 2023** | **-** | **-** | **-** |
| **Net Block:** | | | |
| **As at March 31, 2023** | **149.83** | **149.83** | **34,364.79** |

See note 13 for information on property, plant and equipment pledged as security by the Company.

## Notes to the Financial Statements for the period May 25, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**(b) Ageing of capital work-in-progress**

| Particulars/Projects | As at March 31, 2023 | | |
|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years |
| **Projects in progress** | | | |
| (i) 40 MV Solar project | 34,364.79 | - | - |
| **Total** | **34,364.79** | **-** | **-** |

Capital work-in-progress balance pertains to overdue project and is expected to be completed and capitalised in June 2023.

**Capitalization of expenses**

During the period, the Company has capitalized the following expenses of revenue nature to the cost of Property, plant and equipment / Capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

| Particulars | As at March 31, 2023 |
|---|---|
| Reimbursement of Salaries and wages | 348.69 |
| Interest and reimbursement of Interest expenses | 34.20 |
| Depreciation and reimbursement of depreciation | 51.95 |
| Reimbursement of Others Expenses | 55.17 |
| **Total** | **490.01** |

**3(b) Right- of- use assets**

| Particulars | Land Freehold | Total |
|---|---|---|
| **Gross block** | | |
| **As at May 25, 2022** | **-** | **-** |
| Additions* | 1,309.88 | 1,309.88 |
| Deductions/Amortization | - | - |
| **As at March 31, 2023** | **1,309.88** | **1,309.88** |
| **Depreciation** | | |
| **As at May 25, 2022** | **-** | **-** |
| Charge for the period | 17.90 | 17.90 |
| Deductions/Amortization | - | - |
| **As at March 31, 2023** | **17.90** | **17.90** |
| **Net Block** | | |
| **As at March 31, 2023** | **1,291.98** | **1,291.98** |

*Includes initial direct costs incurred by the lessee amounting to Rs. 583.23 lakhs

The Company has taken lands on lease which has been accounted in accordance with Ind AS 116-Leases under right of use assets. Refer note 22 for further disclosure on leases.

**4 Other Financial Assets (Non-current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Bank deposits with maturity of more than 12 months* | 75.00 |
| **Total** | **75.00** |

*Held as lien against bank guarantee given

**5 Deferred tax assets (net)**

Deferred tax assets amounting to Rs. 20.91 lakhs have not been recognised in respect of following items, because it is not probable that future profit will be available against which the Company can use the benefits therefrom.

| Particulars | As at March 31, 2023 | |
|---|---|---|
| | Amount | Expiry date |
| Tax Losses | 121.93 | FY 2030-31 |
| **Total** | **121.93** | |

**6 Current tax assets (net)**

| Particulars | As at March 31, 2023 |
|---|---|
| Opening balance | - |
| Add: Taxes paid during the year | 4.90 |
| Less: Current tax payable for the year | - |
| **Total** | **4.90** |

**7 Other assets (non-current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Capital advances | 9.03 |
| Prepaid Expenses* | 40.36 |
| **Total** | **49.39** |

There were no advances due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

*Pertains to payments made to acquire the customer and which will be amortised over the period of contract.

**8 Cash and cash equivalents**

| Particulars | As at March 31, 2023 |
|---|---|
| Balances with banks | |
| - in current accounts | 5,262.70 |
| - in deposits with original maturity of less than three months | 4,300.00 |
| **Total** | **9,562.70** |

**9 Other financial assets (current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Interest Accrued but not due | 4.75 |
| **Total** | **4.75** |

**10 Other current assets**

| Particulars | As at March 31, 2023 |
|---|---|
| Unsecured considered good | |
| Advance to Employee | 0.60 |
| Prepaid expenses | 28.58 |
| Balance with government authorities | 0.27 |
| **Total** | **29.45** |

There were no advances due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which ay director is a partner or a member

# First Energy 3 Private Limited

**Notes to the Financial Statements for the period May 25, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**11 Share Capital**

**(a) Authorized share Capital**

| Particulars | No. of shares | As at March 31, 2023 |
|---|---|---|
| **As at May 25, 2022** | | **-** |
| Increase during the period | 100,000,000 | 10,000.00 |
| **As at March 31, 2023** | **100,000,000** | **10,000.00** |

**(b) Issued, Subscribed and Paid up Share Capital**

| Particulars | No. of shares | |
|---|---|---|
| **Equity share of Rs. 10 each issued, subscribed and fully paid** | | |
| As at May 25, 2022 | | - |
| Changes during the period | 99,809,000 | 9,980.90 |
| **As at March 31, 2023** | **99,809,000** | **9,980.90** |

**(c) Terms/ rights 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 of the Company 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.

**(d) Equity shares held by ultimate holding / holding company**

| Particulars | No. of shares | As at March 31, 2023 |
|---|---|---|
| **Holding company** | | |
| First Energy Private Limited | 73,850,000 | 7,385.00 |
| Equity shares of Rs 10 each | | |

**(e) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Name of the Shareholder | As at March 31, 2023 |
|---|---|
| **(i) First Energy Private Limited, India (Promoter)** | |
| % Holding | 73.99% |
| No. of shares | 73,850,000 |
| **(ii) MRF Limited** | |
| % Holding | 7.78% |
| No. of shares | 7,761,000 |
| **(iii) Garden Silk Mills Private Limited** | |
| % Holding | 6.03% |
| No. of shares | 6,030,000 |

**(f) Shares held by promoters at the end of the period**

| Name of Promoter | As at March 31, 2023 | |
|---|---|---|
| | Number of shares | % of total number of shares |
| First Energy Private Limited, India | 73,850,000 | 73.99% |

**12 Other Equity**

| Particulars | As at March 31, 2023 |
|---|---|
| **Retained earnings** | |
| Loss for the period | (170.87) |
| Add : Other Comprehensive Income for the period | - |
| | **(170.87)** |
| Cost related to issue of Own Equity Instruments | (96.29) |
| **Total** | **(267.16)** |

**13 Borrowings**

**(a) Non-current borrowings**

| Particulars | As at March 31, 2023 |
|---|---|
| **Secured Loans from banks** | |
| Indian rupee loans from banks* | 25,227.91 |
| Less : Current maturities of long term borrowings (included in note 13 (b)) | 178.00 |
| **Total** | **25,049.91** |

* After considering unamortised transaction cost of Rs. 272.09 lakhs as at March 31, 2023

| | |
|---|---|
| Aggregate secured borrowings | 25,049.91 |
| Aggregate unsecured borrowings | - |

**(a) Loans are measured at amortised cost.**

| Details | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| Indian rupee loans from banks | March 31, 2043 | Repayable in 77 structured quarterly installments from 31st March 2024 | 9.30% (3M MCLR p.a +0.70% p.a) | 25,227.91 |

**Details of security**

Indian rupee loans from banks is secured by way of charge on all present and future moveable and immovable assets including plant & machinery, machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature and when arising and pledge of 30% of shares of the Company held by the holding company.

**(b) Current Borrowings**

| Particulars | As at March 31, 2023 |
|---|---|
| **Secured loans from banks** | |
| Current maturities of long term borrowings from bank | 178.00 |
| Buyers' line of credit* | 7,927.88 |
| **Total** | **8,105.88** |

* Loan has been obtained against the credit facilities sanctioned to Thermax Limited (Intermediate Holding Company).

| | |
|---|---|
| Aggregate secured loans | 8,105.88 |
| Aggregate unsecured loans | - |

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| Buyers' line of credit | Various | Repayable within 90 days from date of shipment | 8.00% to 8.20% | 7,927.88 |
| Loan from Holding Company* | Various | Repayable within 6 months days from date of | 7.00% to 8.45% | - |

**Notes to the Financial Statements for the period May 25, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

* The Company had availed loan from its Holding Company which has been repaid during the year.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the period, in this case 7.52%.

**Net debt reconciliation**

| Particulars | As at March 31, 2023 |
|---|---|
| Cash and cash equivalent | 9,562.70 |
| Borrowings | (33,155.79) |
| Accrued interest | (71.61) |
| Lease liabilities | (626.79) |
| **Net debt** | **(24,291.49)** |

| | Assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash & cash equivalent | Borrowings | Lease liabilities | |
| **Net debt as at May 25, 2022** | - | - | - | - |
| Addition to leases | - | - | (726.65) | (726.65) |
| Cash flows | 9,562.70 | (33,155.79) | 99.86 | (23,493.23) |
| Interest capitalized | - | (435.41) | (21.09) | (456.50) |
| Interest paid | - | 363.80 | 21.09 | 384.89 |
| **Net debt as at March 31, 2023** | **9,562.70** | **(33,227.40)** | **(626.79)** | **(24,291.49)** |

During the period, the Company has used the borrowings for the specific purpose for which they have been obtained.

**14 Trade and Other Payables (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Due to micro and small enterprises | - |
| Due to other than micro and small enterprises | - |
| Trade payables to related parties (refer note 24) | 181.14 |
| **Total** | **181.14** |

Ageing schedule for trade payable
**As at March 31, 2023**

| Particulars | Unbilled | Not Due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and Small enterprises | - | - | - | - | - | - | - |
| (ii) Others | 181.14 | - | - | - | - | - | 181.14 |
| **Total** | **181.14** | **-** | **-** | **-** | **-** | **-** | **181.14** |

**15 Other Financial Liabilities (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Interest accrued but not due on loans | 71.61 |
| Capital Creditors | 1,703.53 |
| | **1,775.14** |

**16 Other Current liabilities**

| Particulars | As at March 31, 2023 |
|---|---|
| Statutory dues and other liabilities* | 80.19 |
| **Total** | **80.19** |

* mainly includes tax deducted at source and GST

**17 Other income**

| Particulars | May 25, 2022 to March 31, 2023 |
|---|---|
| Interest Income on bank deposits | 46.36 |
| **Total** | **46.36** |

**18 Finance costs**

| Particulars | May 25, 2022 to March 31, 2023 |
|---|---|
| Lease Liability | 21.09 |
| Less: Capitalized during the year | 21.09 |
| **Total** | **43.04** |

**19 Depreciation and Amortization Expense**

| Particulars | May 25, 2022 to March 31, 2023 |
|---|---|
| Depreciation of right-of-use assets | 17.90 |
| Less: Capitalized during the year | 17.90 |
| **Total** | **-** |

**20 Other expenses**

| Particulars | May 25, 2022 to March 31, 2023 |
|---|---|
| Legal and professional fees | 3.73 |
| Auditor's remuneration (Refer note below) | 1.50 |
| Advertisement and sales promotion | 1.77 |
| Rates & Taxes | 27.83 |
| Corporate Overhead allocation | 181.14 |
| Miscellaneous expenses (includes bank charges, expenses recovered by group company etc.) | 1.26 |
| **Total** | **217.23** |

**Note: Auditor's remuneration**

| Particulars | May 25, 2022 to March 31, 2023 |
|---|---|
| **As auditor** | |
| Statutory audit fees | 1.50 |
| **Total** | **1.50** |

**21 Loss per share**

| Particulars | May 25, 2022 to March 31, 2023 |
|---|---|
| Net loss attributable to the Equity shareholders of the Company | (170.87) |
| Weighted average number of Equity shares of Rs.10/- each | 39,266,970 |
| **Basic and Diluted Loss Per Share** | **(0.44)** |

**22 Contingent Liabilities and commitments**

**Contingent Liabilities**

There are no liabilities of contingent nature.

**Capital and other commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 2,477.87 Lakhs

**23 Leasing Arrangements**

**Company as lessee**

The Company has taken lands on leases for a tenure of 29 years. There are no variable lease payments and residual value guarantees for these leases.

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

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | As at March 31, 2023 |
|---|---|
| At the beginning of the year | - |
| Additions | 726.65 |
| Accretion of interest | 21.09 |
| Payments made | (120.95) |
| **As at end of the year** | **626.79** |
| Current portion of lease liabilities | 8.88 |
| Non-current portion of lease liabilities | 617.91 |
| **Total** | **626.79** |

**Details of amounts recognised in statement of profit and loss**

| Particulars | As at March 31, 2023 |
|---|---|
| Depreciation expense of right-of-use assets | 17.90 |
| Interest expense on lease liabilities | 21.09 |
| Less: Capitalised during the year | (38.99) |
| **Total amount recognised in statement of profit or loss** | - |

**24 Related party disclosures**

**A Immediate Holding Company**

First Energy Private Limited

**B Ultimate Holding Company**

RDA Holding Private Limited

**C Key Management Personnel:**

1. Mr. Ravi Damaraju - Director
2. Mr. Sandeep Mandke - Director
3. Mr. Mitish Somani - Director
4. Mr. Anjali Lothe - Chief Executive Officer (w.e.f. from February 1, 2023)
5. Mr. Omkar Sheth - Chief Financial Officer (w.e.f. from February 1, 2023)
6. Ms. Veda Pathak - Company Secretary
7. Mr. Sanjay Parande - Independent Director (w.e.f. from December 23, 2022)
8. Mr. Ashok Joshi - Independent Director (w.e.f. from December 23, 2022)

**D Transactions with Related parties:**

| | For the period May 25, 2022 to March 31, 2023 | | |
|---|---|---|---|
| | **Immediate Holding Company** | **Key Management Personnel** | **Total** |
| **a. Transactions during the year** | | | |
| Subscription to Equity Shares | 7,385.00 | - | **7,385.00** |
| Reimbursement of expenses to related parties (inclusive of reimbursement of capital expenditure) | 634.16 | - | **634.16** |
| Interest on Loans | 279.53 | - | **279.53** |
| Loan Taken | 16,400.00 | - | **16,400.00** |
| Loan Repaid | 16,400.00 | - | **16,400.00** |
| Director's sitting fees | - | 2.10 | **2.10** |

**E Outstanding balances**

| | As at March 31, 2023 | | |
|---|---|---|---|
| | **Immediate Holding Company** | **Key Management Personnel** | **Total** |
| **Balances as at the period end** | | | |
| Trade payables and other Liabilities | 181.14 | | **181.14** |
| Other Payable | 183.62 | - | **183.62** |

**F Terms and conditions for outstanding balances**

All outstanding balances are unsecured, interest free except for borrowings and payable in cash. For details of interest on borrowings, refer note 13.

**25 Segment Information**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company's business viz "Producer of power through renewable energy source". Hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

**26 Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Borrowings | 33,155.79 |
| Lease Liability | 626.79 |
| Trade Payables | 181.14 |
| Other liabilities | 1,775.14 |
| **Total** | **35,738.86** |
| Current liabilities | 10,071.04 |
| Non current liabilities | 25,667.82 |
| **Total** | **35,738.86** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Cash and cash equivalents | 9,562.70 |
| Other financial assets | 79.75 |
| **Total** | **9,642.45** |
| Current assets | 9,567.45 |
| Non-current assets | 75.00 |
| **Total** | **9,642.45** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**27 Financial risk management**

The Company's principal financial liabilities, comprise 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 cash and cash equivalents.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The Company is exposed

**Notes to the Financial Statements for the period May 25, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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 two types of risk: interest rate risk and currency risk.

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023

**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.

**Interest rate sensitivity**

Impact due to sensitivity of interest rates is not calculated, because the Company's loss before tax is not affected through the impact on floating rate borrowings, as borrowing is towards acquiring a qualifying asset and the related interest is capitalised according to IND AS 23.

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company has not entered into any foreign currency transaction during the period and hence not exposed to any foreign currency risk.

**c Price risk**

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company is not currently exposed significantly to such risk.

**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 investing activities, including deposits with banks.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Parent Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 is the carrying amounts as disclosed in notes to accounts.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, Parent Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

**For the period ended March 31, 2023**

| Particulars | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|
| **Non- derivative** | | | | |
| Borrowings | 8,105.88 | 1,418.23 | 2,336.21 | 21,295.47 |
| Lease Liabilities | 8.88 | 95.68 | 119.15 | 1,859.78 |
| Capital Creditors | 1,703.53 | - | - | - |
| Trade Payables | 181.14 | - | - | - |
| Other financial liabilities | 71.61 | - | - | - |

**28 Analytical ratios**

| S. No. | Particulars | Numerator | Denominator | For the period ended March 31, 2023 |
|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.95 |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | 3.41 |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.) | Debt Service (Interest & Lease Payments + Principal Repayments) | (0.80) |
| 4 | Return on Equity | Net Profits after taxes | Shareholder's Equity | (2)% |
| 5 | Return on investment | Earning before interest and taxes | Total assets | 0% |
| 6 | Return on Capital employed | Earning before interest and taxes | Capital Employed | (0.40)% |

Capital employed = Tangible Net worth + total debt

## Notes to the Financial Statements for the period May 25, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**29 Capital Management**

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Company.

| | March 31, 2023 |
|---|---|
| Borrowings | 33,155.79 |
| Less: Cash and cash equivalents (includes other bank balances) | 9,562.70 |
| **Net debt** | **23,593.09** |
| **Equity** | **9,713.74** |
| **Net Debt to Equity** | **2.43** |

**Loan Covenants**

The Company shall, during the entire tenor of the facility, ensure that:

(a) Fixed Asset Coverage Ratio should not be less than 1.24:1 in any year.

(b) Debt Service Coverage Ratio does not fall below 1.25:1.

(c) Interest Coverage Ratio does not fall below 1.5:1.

(d) Total outside liability/Tangible Net Worth should not be more than 4:1.

The financial covenants shall be tested based on the audited financials every year during the currency of the Credit Facilities from first full year of commercial operation.

**30 Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

Based on the information available with the Company, none of the vendors fall under the definition of micro, small and medium enterprises.

**31 Other Statutory Information**

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current period.

(iv) There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

(viii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries)

or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**32** The Company is incorporated on May 25, 2022. The financial statements are prepared for the period May 25, 2022 to March 31, 2023 as the first financial statement of the Company. Hence, comparative figures do not exist for the current period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 3 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

**Anjali Lothe**
Chief Executive Officer

**Omkar Sheth**
Chief Financial Officer

**Veda Pathak**
Company Secretary

Place: Pune
Date: May 9, 2023

# First Energy 4 Private Limited

| ***Board of Directors*** | ***Registered Office*** | ***Auditors*** |
|---|---|---|
| Mitish Somani<br>Ravi Damaraju<br>Sandeep Deshpande | Unit No. 601, 6th Floor,<br>Cello Platina, F.C. Road,<br>Shivajinagar, Pune 411005 | Price Waterhouse & Co.<br>Chartered Accountants LLP<br>7th Floor, Business Bay, Tower A,<br>Wing -1, Airport Road,<br>Yerwada, Pune 411006 |

***Bankers***

ICICI Bank

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the First Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

The Company's financial performance from the date of Incorporation till March 31, 2023, is summarized below:

(Rs. in Lakh)

| Particulars | For the period ended on FY March 31, 2023 |
|---|---|
| Total income | - |
| Profit/(Loss) before depreciation | (44.39) |
| Depreciation and impairment | - |
| Profit/(Loss) before tax | (44.39) |
| Provision for taxation (incl. deferred tax) | 6.84 |
| Items that not to be reclassified to profit or loss | - |
| Profit/(Loss) after tax | (51.23) |

**State of Company's Affairs**

The Company is incorporated on December 7, 2022. The Company has launched a Renewable Energy Project with a Solar capacity of 38.20 MW/ 56.85 MWp. The project is under construction.

**Material changes affecting the Financial Position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

**Dividend**

The directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the Company has not transferred any amount to the General Reserve.

**Share Capital**

The Paid-up Share Capital of the Company is Rs. 1,00,000 divided into Equity Shares of Rs. 10,000 shares of Rs.10 each. The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures, and Associates**

The Company does not have any Subsidiary, Joint Venture, or Associate Company as on March 31, 2023.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not make any investment nor did the company give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

**Restriction on purchase by the Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or to subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of risks in its Renewable Energy business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involves risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also contracts competent local infra partners having experience and capability.

- **Renewable Sources and Grid Availability**

  The risk identified by the Company is lower generation on account of lower radiation, wind speed, and Grid failures. The Company continuously studies the radiation levels and Wind Resources Assessment with historical data from reliable sources and accordingly sizes the plant and the financial models for arriving at the right tariff for the available conditions. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk results in revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance. The Company is also using waterless robotic technology for cleaning modules and therefore manpower dependency is reduced.

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

**During the year the Company took below health and safety initiatives:**

1. Kick-off with the EPC team at the site for discussion on safety action plans.

2. Tie-ups with the local hospital with oxygen ambulance support at Tuticorin

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Mitish Somani (DIN 01853530) retires by rotation and being eligible offers, himself for re-appointment.

**Board Meetings**

The Board met three times during the year under review, on January 5, 2023, February 10, 2023, and March 27, 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have 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 and of the profit and loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

**Financial Statements**

Pursuant to Section 2(41) of the Companies Act, 2013, the financial year of the companies incorporated after the 1st day of January of a year shall end on the 31st day of March of the following year, in respect whereof the financial statement of the company is made up. Accordingly, the Company has prepared the financial statements from the date of incorporation to March 31, 2023, as per Schedule III to the Companies Act, 2013, as amended from time to time.

**Maintenance of Cost Records**

Pursuant to Section 148(1) of the Companies Act, 2013, the requirement for maintenance of cost records is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind and associated Renewable energy generation sources for commercial & industrial customers.

**Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings and outgo during the year.

**Particulars of Employees**

Since the company is a Subsidiary of First Energy Private Limited and incorporated for the purpose of carrying out Renewable Energy business, there are no employees on the rolls of the company as on March 31, 2023.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators / Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment for its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and during the year there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

**Auditors**

M/S Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) were appointed as the Statutory Auditors of the Company for FY 2022-23 in the Extra Ordinary General Meeting held on February 10, 2023, as the First Auditor of the Company up to the conclusion 1st Annual General Meeting to be held in FY 2023-24.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work and support.

**For and on behalf of the Board of Directors of**

**First Energy 4 Private Limited**

| | |
|---|---|
| **Mitish Somani** | **Ravi Damaraju** |
| Director | Director |
| DIN - 01853530 | DIN - 09554649 |

**Pune, May 09, 2023**

**INDEPENDENT AUDITOR'S REPORT**

To the Members of First Energy 4 Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of First Energy 4 Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the period from December 7, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the period from December 7, 2022 to March 31, 2023.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditor's responsibilities for the audit of the financial statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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**

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

12. 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.

    (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 Flow dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A".

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

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

        iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 25(viii) to the financial statements);

        (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 25(viii) to the financial statements); and

        (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

        v. The Company has not declared or paid any dividend during the period.

        vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

13. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/ provided any managerial remuneration during the period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLK3769

Place: Pune
Date: May 11, 2023

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of First Energy 4 Private Limited on the financial statements for the period from December 7, 2022 to March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of First Energy 4 Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period from December 7, 2022 to March 31, 2023.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLK3769

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of First Energy 4 Private Limited on the financial statements as of and for the period from December 07, 2022 to March 31, 2023

i. (a) (A) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Property, Plant and Equipment (except Capital work in progress) and accordingly, reporting under this Clause is not applicable.

(B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.

(b) The Company has not capitalised any Property, Plant and Equipment in the books and accordingly, the reporting under clause 3(i)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties. Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Property, Plant and Equipment (except Capital work in progress) and Intangible assets and accordingly, the reporting under clause 3(i)(d) of the Order is not applicable to the Company.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of generating power from renewable energy source and, consequently, does not hold any inventory. Therefore, the provisions of clause 3 (ii)(a) of the Order are not applicable to the Company.

(b) During the period, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause (iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, tax deducted at source and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the period from December 07, 2022 to March 31, 2023.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has used funds raised on short-term basis aggregating Rs. 11,311.64 lakhs for long-term purposes.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiary, joint venture or associate company during the period. Accordingly, reporting under this is clause not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the period. Accordingly, reporting under this clause is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the period from December 7, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the period. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the period from December 7, 2022 to March 31, 2023, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the period by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.

xiv) (a) In our opinion and based on our examination, the Company did not have an internal audit system during the period.

(b) The Company is not mandated to have an internal audit system during the period.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial activities during the period from December 7, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has incurred cash losses of Rs. 51.23 lakhs during the period from December 07, 2022 to March 31, 2023.

xviii. There has been no resignation of the statutory auditors during the period and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 21 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLK3769

Place: Pune
Date: May 11, 2023

# First Energy 4 Private Limited

## Balance Sheet as at 31.03.2023

*(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **I. Non-current assets** | | **11,312.63** |
| (a) Capital work-in-progress | 3 | 113.61 |
| (b) Financial assets | | |
| Other financial assets | 4(a) | 262.50 |
| (c) Income tax assets (net) | 7 | 0.32 |
| (d) Other non-current assets | 5 | 10,936.20 |
| **II.Current assets** | | **1,256.83** |
| (a) Financial assets | | |
| (i) Cash and cash equivalents | 6 | 1,245.67 |
| (ii) Other financial assets | 4(b) | 11.16 |
| **Total assets** | | **12,569.46** |
| **Equity and liabilities** | | |
| **I. Equity** | | **(50.23)** |
| (a) Equity share capital | 8 | 1.00 |
| (b) Other equity | 9 | (51.23) |
| **Liabilities** | | |
| **II. Current liabilities** | | **12,619.69** |
| (a) Financial liabilities | | |
| (i) Borrowings | 10 | 12,357.50 |
| (ii) Trade and other payables | | |
| a) total outstanding dues of micro enterprises and small enterprises | | - |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 11 | 44.40 |
| (iii) Other financial liabilities | 12 | 163.60 |
| (b) Other current liabilities | 13 | 54.19 |
| **Total Equity and Liabilities** | | **12,569.46** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

## Statement of profit and loss for the period December 07, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)*

| Particulars | Note No | December 07, 2022 to March 31, 2023 |
|---|---|---|
| **Income** | | |
| Revenue from operations | | - |
| **Total Income** | | **-** |
| **Expenses** | | |
| Other Expenses | 14 | 44.39 |
| **Total Expenses** | | **44.39** |
| **Loss before tax** | | **(44.39)** |
| **Tax expense** | | **6.84** |
| Current tax | 7 | 6.84 |
| **Loss for the period** | | **(51.23)** |
| **Other comprehensive income** | | **-** |
| **Total comprehensive loss for the period** | | **(51.23)** |
| Loss per equity share [nominal value per share ₹ 10] | | |
| Basic | 15 | (512.27) |
| Diluted | 15 | (512.27) |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of First Energy 4 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

## Statement of Cash flow for the period December 07, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs , except stated otherwise)*

| | Particulars | December 07, 2022 to March 31, 2023 |
|---|---|---|
| **A)** | **Cash flows used in operating activities** | |
| | Loss before tax | (44.39) |
| | **Working capital adjustments** | |
| | (Increase) in other financial assets | (262.50) |
| | Increase in trade payables | 44.40 |
| | Increase in other liabilities | 54.19 |
| | **Cash used in operations** | **(208.30)** |
| | Direct taxes paid | (7.16) |
| | **Net cash flows used in operating activities** | **(215.46)** |
| **B)** | **Cash flows used in investing activities** | |
| | Purchase of property, plant and equipment | (10,879.18) |
| | **Net cash flows used in investing activities** | **(10,879.18)** |
| **C)** | **Cash flows from financing activities** | |
| | Proceeds from borrowings | 12,357.50 |
| | Proceeds from issue of Equity shares | 1.00 |
| | Interest paid (capitalised) | (18.19) |
| | **Net cash flows from financing activities** | **12,340.31** |
| | **Net increase in cash cash equivalents** | **1,245.67** |
| | Cash and cash equivalents at the beginning of the period | - |
| | **Cash and cash equivalents at the end of the period** | **1,245.67** |

**Reconciliation of cash and cash equivalents as per the cash flow statement:**

| | March 31, 2023 |
|---|---|
| Cash and cash equivalents | 1,245.67 |
| **Balances as per Cash flow statement** | **1,245.67** |

**Notes:**

i) Statement of Cash Flows has been prepared under the “Indirect Method” in accordance with ‘IND AS 7 : Statement of Cash Flows’.

ii) Refer Note 10 for Net debt reconciliation

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 4 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# First Energy 4 Private Limited

**Statement of changes in Equity for the period December 07, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)*

**A Equity Share Capital**

**(₹ in Lakhs)**

| Equity Shares of ₹ 10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---|---|
| **As at December 07, 2022** | **-** | **-** |
| Issued during the period | 10,000 | 1.00 |
| **As at March 31, 2023** | **10,000** | **1.00** |

**B Other Equity**

| Particulars | Retained Earnings | Total |
|---|---|---|
| **As at December 07, 2022** | - | - |
| Loss for the period | (51.23) | (51.23) |
| Other comprehensive income for the period | - | - |
| **Total Comprehensive loss for the period** | **(51.23)** | **(51.23)** |
| **As at March 31, 2023** | **(51.23)** | **(51.23)** |

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

This is the Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 4 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

**Notes to the Financial Statements for the period December 07, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

### 1 Corporate information

First Energy 4 Private Limited ("the Company"), is a private limited company domiciled in India and incorporated on December 07,2022 under the provisions of Indian Companies Act, 2013 is subsidiary of First Energy Private Limited. The Company is primarily engaged in the business as a producer and distributor of solar power by using solar cells including developing, building, and solar power projects.

The address of the Company's registered office is 6th Floor. Office No.601, Cello Platina, FC Road, Shivaji Nagar Pune, Maharashtra 411005. The CIN of the Company is U40100PN2022PTC216736.

### 2 Significant accounting policies

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

### 2.1 Basis of preparation and measurement

#### (a) Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.3.

The accounting policies adopted for preparation and presentation of these financial statements have been consistently applied.

#### (b) Historical cost convention

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 2.2 Summary of significant accounting policies

#### a. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### b. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.3)
- Quantitative disclosures of fair value measurement hierarchy (note 24)
- Financial instruments (including those carried at amortized cost) (note 24)

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or capitalised a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is capitalised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company.

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

Cost for issuance of equity instruments:

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**i. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**l. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**m. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has been identified as the chief operating decision maker of the Company.

**n. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**o. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**p. Rounding of amounts:**

Amounts disclosed in the financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.3 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.3.1 Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**ii. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months

**Notes to the Financial Statements for the period December 07, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**2.3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**ii. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**3 (a) Property, Plant and Equipment**

Capital work-in-progress (CWIP) comprises cost of renewable energy plant under construction. Total amount of CWIP is ₹ 113.61 Lakhs.

**(b) Ageing of capital work-in-progress**

| Particulars/Projects | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| **Projects in progress** | | | | | |
| Solar project | 113.61 | - | - | - | 113.61 |
| **Total** | **113.61** | **-** | **-** | **-** | **113.61** |

Capital work-in-progress balance does not contain any balance pertaining to overdue project.

**(c) Contractual obligations**

See note 17 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**4(a) Other Financial Assets (Non-current)**

| Particulars | As at March 31, 2023 |
|---|---|
| **Security deposits** | |
| Unsecured, considered good | 262.50 |
| **Total** | **262.50** |

**(b) Other Financial Assets (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Interest accrued on fixed deposit | 11.16 |
| **Total** | **11.16** |

**5 Other Non-current Assets**

| Particulars | As at March 31, 2023 |
|---|---|
| Capital advances | 10,936.20 |
| **Total** | **10,936.20** |

**6 Cash and Cash Equivalents**

| Particulars | As at March 31, 2023 |
|---|---|
| **Balance with Bank** | |
| -in current accounts | 76.54 |
| -deposits with original maturity of less than 3 months | 1,169.13 |
| **Total** | **1,245.67** |

**7 Income tax assets (net)**

| Particulars | As at March 31, 2023 |
|---|---|
| Opening balance | - |
| Add: Taxes paid | 7.16 |
| Less: Taxes payable for the year | (6.84) |
| **Total** | **0.32** |

The tax expense consists of following:

| Particulars | December 07, 2022 to March 31, 2023 |
|---|---|
| Current tax expense | 6.84 |
| Deferred tax (benefit) / charge | - |
| **Total** | **6.84** |

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | December 07, 2022 to March 31, 2023 |
|---|---|
| **Loss before tax** | **(44.39)** |
| Income tax rate | 17.16% |
| Expected tax expense | (7.62) |
| Other | 14.45 |
| **Total tax expense** | **6.84** |

**Notes to the Financial Statements for the period December 07, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data* and unless stated otherwise)

## 8 Share Capital

**Authorised Share Capital**

Equity shares of ₹10 each

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **As at December 07, 2022** | - | - |
| Increase during the period | 10,000 | 1.00 |
| **As at March 31, 2023** | **10,000** | **1.00** |

**Terms/Rights attached to the equity shares**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. 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.

**Issued, Subscribed and Paid Share Capital**

Equity shares of ₹10 each

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **As at December 07, 2022** | - | - |
| Changes during the period | 10,000 | 1.00 |
| **As at March 31, 2023** | **10,000** | **1.00** |

**Equity shares held by holding company**

| Name of Company | As at March 31, 2023 | |
|---|---|---|
| | No. of shares | ₹ in Lakhs |
| **Holding company** | | |
| First Energy Private Limited | | |
| Equity shares of ₹ 10 each | 9,999 | 1.00 |

**Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Particulars | As at March 31, 2023 |
|---|---|
| (i) First Energy Private Limited, India (Promoter) | |
| % Holding | 99.99% |
| No. of shares | 9,999 |

**Shares held by promoters at the end of the period**

| Name of Promoter | As at March 31, 2023 | |
|---|---|---|
| | No. of shares | % of total number of shares |
| First Energy Private Limited | 9,999 | 99.99% |

## 9 Other Equity

| Particulars | As at March 31, 2023 |
|---|---|
| **Retained Earnings** | |
| Loss for the period | (51.23) |
| Add : Other Comprehensive Income | - |
| **Total** | **(51.23)** |

## 10 Borrowings (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| **Unsecured loans** | |
| Loan from Holding Companies | 12,357.50 |
| **Total** | **12,357.50** |

| | |
|---|---|
| Aggregate secured borrowings | - |
| Aggregate unsecured borrowings | 12,357.50 |

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| **Unsecured borrowings** | | | | |
| Loan from Holding company | 90 days | Repayable in single/multiple tranches along with the accumulated interest thereon | 8.00% | 12,357.50 |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the period, in this case 8.00%.

**Net debt reconcilation**

| Particulars | As at March 31, 2023 |
|---|---|
| Cash and cash equivalent | 1,245.67 |
| Borrowings | (12,357.50) |
| Acrued interest | (163.60) |
| **Net debt** | **(11,275.43)** |

| Particulars | Other assets | Liabilities from financing activities | Total |
|---|---|---|---|
| | Cash & cash equivalent | Borrowings | |
| **Net debt as at December 07, 2022** | - | - | - |
| Cash flows | 1,245.67 | (12,357.50) | (11,111.83) |
| Interest expenses | - | (181.79) | (181.79) |
| Interest paid | - | 18.19 | 18.19 |
| **Net debt as at March 31, 2023** | **1,245.67** | **(12,521.10)** | **(11,275.43)** |

During the period, the Company has used the borrowings for the specific purpose for which they have been obtained.

## 11 Trade and Other Payables (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| Due to micro and small enterprises | - |
| Due to other than micro and small enterprises | 1.78 |
| Trade payables to related parties (Refer Note 18) | 42.62 |
| **Total** | **44.40** |

**Ageing schedule for trade payable**

| Particulars | Unbilled | No due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and small enterprise | - | - | - | - | - | - | - |
| (ii) Others | 44.40 | - | - | - | - | - | **44.40** |
| **Total** | 44.40 | **-** | **-** | **-** | **-** | **-** | **44.40** |

**Notes to the Financial Statements for the period December 07, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**12 Other financial liabilities (Current)**

| Particulars | As at March 31, 2023 |
|---|---|
| Accrued Interest | 163.60 |
| **Total** | **163.60** |

**13 Other Current Liabilities**

| Particulars | As at March 31, 2023 |
|---|---|
| Statutory dues* | 54.19 |
| **Total** | **54.19** |

* Mainly include tax deducted at source and GST Liability

**14 Other Expenses**

| Particulars | December 07, 2022 to March 31, 2023 |
|---|---|
| **Administration expenses** | |
| Auditor's remuneration (Refer below note) | 1.77 |
| Corporate Overhead allocation | 42.62 |
| **Total** | **44.39** |

**Note: Auditor's remuneration**

| Particulars | As at March 31, 2023 |
|---|---|
| Statutory Audit Fees | 1.77 |
| **Total** | **1.77** |

**15 Earnings per share**

| Particulars | December 07, 2022 to March 31, 2023 |
|---|---|
| Net Loss attributable to the Equity shareholders of the Company | (51.23) |
| Weighted average number of Equity shares of Rs.10/- each | 10,000 |
| **Basic and Diluted EPS** | **(512.27)** |

**16 Contingent Liabilities and commitments**

**Contingent Liabilities**

There are no liabilities of contingent nature.

**17 Other commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 19,683.50 lakhs.

**18 Related party disclosures**

**A Immediate Holding Company**

First Energy Private Limited

**B Ultimate Holding Company**

RDA Holding Private Limited

**C Key Management Personnel:**

1 Ravi Damaraju - Director

2 Sandeep Deshpande- Director

3 Mitish Somani - Director

**D Transactions with Related parties:**

| Particulars | December 07, 2022 to March 31, 2023 |
|---|---|
| **Transaction during the period** | |
| **With Immediate Holding Company** | |
| First Energy Private Limited | |
| Subscription for equity shares | 1.00 |
| Interest expenses paid (capitalised) | 181.79 |
| Reimbursement of expenses to related parties | 42.62 |
| Loan Taken | 12,357.50 |

**E Outstanding balances**

| Particulars | As at March 31, 2023 |
|---|---|
| **Balances as at the period end** | |
| **Immediate Holding Company** | |
| Borrowings | 12,357.50 |
| Trade payables | 42.62 |
| Interest payable on Loan | 163.60 |

**Terms and conditions for outstanding balances**

All outstanding balances are unsecured, interest free except for borrowings and payable in cash. For details of interest on borrowings, refer note 10.

**19 Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Trade payable | 44.40 |
| Borrowings | 12,357.50 |
| Other liabilities | 163.60 |
| **Total** | **12,565.50** |
| Current liabilities | 12,565.50 |
| Non current liabilities | - |
| **Total** | **12,565.50** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Cash and cash equivalents | 1,245.67 |
| Other financial assets | 11.16 |
| **Total** | **1,256.83** |
| Current assets | 1,256.83 |
| Non-current assets | - |
| **Total** | **1,256.83** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**20 Financial risk management**

The Company's principal financial liabilities, comprise 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.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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.

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023.

**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.

**Interest rate sensitivity**

Impact due to sensitivity of interest rates is not calculated, as there is no long term borrowings with variable rates.

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company has not entered into any foreign currency transaction during the period and hence not exposed to any foreign currency risk.

**c Price risk**

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. These securities are unquoted. The Company is not currently exposed significantly to such risk.

**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 investing including deposits with banks.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, Parent Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

**For the period ended March 31, 2023**

| Particulars | On demand | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | - | 12,357.50 | - | - | - |
| Trade payables | - | 44.40 | - | - | - |
| Other financial liabilities | - | 163.60 | - | - | - |

**21 Analytical ratios**

| Sr. No. | Particulars | Numerator | Denominator | For the period ended March 31, 2023 |
|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.10 |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | (246.03) |
| 3 | Return on Equity | Net Profits after taxes | Shareholder's Equity | 101.99% |
| 4 | Return on investment | Earning before interest and taxes | Total assets | 0.35% |
| 5 | Return on Capital employed | Earning before interest and taxes | Capital Employed | 0.36% |

Working Capital = Current assets less Current liabilities

Capital employed = Tangible Net worth plus total debt

**22 Capital management**

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Company.

**Notes to the Financial Statements for the period December 07, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share dat*a and unless stated otherwise)

| Particulars | As at March 31, 2023 |
|---|---|
| Borrowings | 12,357.50 |
| Less: Cash and cash equivalents (includes other bank balances) | 1,245.67 |
| **Net debt** | **11,111.83** |
| **Equity** | **(50.23)** |
| **Net Debt to Equity** | **(221.23)** |

**23 Segment reporting**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company's business viz "Producer of power through renewable energy source". Hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

**24 Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

Based on the information available with the Company, none of the vendors fall under the definition of micro, small and medium enterprises.

**25 Other Statutory Information**

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current period.

(iv) There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

(viii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**26** The Company is incorporated on December 07, 2022. The financial statements are prepared for the period December 07, 2022 to March 31, 2023 as the first financial statement of the Company. Hence, comparative figures do not exist for the current period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No: 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 4 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# First Energy 5 Private Limited

| ***Board of Directors*** | ***Registered Office*** | ***Auditors*** |
|---|---|---|
| Mitish Somani<br>Ravi Damaraju<br>Sandeep Deshpande | Unit No. 601, 6th Floor,<br>Cello Platina, F.C. Road,<br>Shivajinagar, Pune 411005 | Price Waterhouse & Co.<br>Chartered Accountants LLP<br>7th Floor, Business Bay, Tower A,<br>Wing -1, Airport Road,<br>Yerwada, Pune 411006 |

***Bankers***
ICICI Bank

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the First Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

The Company's financial performance from the date of Incorporation till March 31, 2023, is summarized below:

(Rs. in Lakh)

| Particulars | For the period ended on FY March 31, 2023 |
|---|---|
| Total income | - |
| Profit/(Loss) before depreciation | (30.67) |
| Depreciation and impairment | - |
| Profit/(Loss) before tax | (30.67) |
| Provision for taxation (incl. deferred tax) | - |
| Items that not to be reclassified to profit or loss | - |
| Profit/(Loss) after tax | (30.67) |

**State of Company's Affairs**

The Company was incorporated on December 13, 2022. The Company has launched a Renewable Energy project with Wind Technology. The plant capacity is 39MW. The plant is in the initial phase of design and development.

**Material changes affecting the Financial Position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

**Dividend**

The directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the Company has not transferred any amount to the General Reserve.

**Share Capital**

The Paid-up Share Capital of the Company is Rs. 1,00,000 divided into 10,000 Equity Shares of Rs.10 each. The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures, and Associates**

The Company does not have any Subsidiary, Joint Venture, or Associate Company as on March 31, 2023.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not make any investment nor did the Company give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

**Restriction on purchase by the Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or to subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of risks in its Renewable Energy business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have a certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct a Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involves risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also contracts competent local infra partners having experience and capability.

- **Renewable Sources and Grid Availability**

  The risk identified by the Company is a lower generation on account of wind speed, and Grid failures. The Company continuously studies the Wind Resources Assessment with historical data from reliable sources and accordingly sizes the plant and the financial models for arriving at the right tariff for the available conditions. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk results in revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance..

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Mitish Somani (DIN 01853530) retires by rotation and being eligible offers, himself for re-appointment.

**Board Meetings**

The Board met three times during the year under review, on January 5, 2023, February 10, 2023, and March 24, 2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have 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 and of the profit and loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

**Financial Statements**

The Company has prepared the financial statements from the date of incorporation to March 31, 2023, as per Schedule III to the Companies Act, 2013, as amended from time to time.

**Maintenance of Cost Records**

Pursuant to Section 148(1) of the Companies Act, 2013, the requirement for maintenance of cost records is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind and associated Renewable energy generation sources for commercial & industrial customers.

**Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings and outgo during the year.

**Particulars of Employees**

Since the company is a Subsidiary of First Energy Private Limited and incorporated for the purpose of carrying out Renewable Energy business, there are no employees on the rolls of the company as on March 31, 2023.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators / Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment for its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and during the year there is no instance of onetime settlement with any Bank or Financial Institution,.

**Auditors**

M/S Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) were appointed as the Statutory Auditors of the Company for FY 2022-23 in the Extra Ordinary General Meeting held on February 10, 2023, as the First Auditor of the Company up to the conclusion of 1st Annual General Meeting to be held in FY 2023-24.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work and support.

**For and on behalf of the Board of Directors of**
**First Energy 5 Private Limited**

| | |
|---|---|
| **Mitish Somani** | **Ravi Damaraju** |
| Director | Director |
| DIN - 01853530 | DIN - 09554649 |

**Pune, May 09, 2023**

# First Energy 5 Private Limited

**INDEPENDENT AUDITOR'S REPORT**

To the Members of First Energy 5 Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of First Energy 5 Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the period from December 13, 2022 to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the period from December 13, 2022 to March 31, 2023.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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**

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

12. 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.

    (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 Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A".

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

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended March 31, 2023.

        iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 23(viii) to the financial statements);

            (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 23 (viii) to the financial statements); and

            (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

        v. The Company has not declared or paid any dividend during the period.

        vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

13. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/ provided any managerial remuneration during the period.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLF6382

Place: Pune
Date: May 11, 2023

# First Energy 5 Private Limited

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of First Energy 5 Private Limited on the financial statements for the period from December 13, 2022 to March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of First Energy 5 Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the period from December 13, 2022 to March 31, 2023.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLF6382

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of First Energy 5 Private Limited on the financial statements as of and for the period from December 13, 2022 to March 31, 2023

i. (a) (A) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Property, Plant and Equipment (except Capital work in progress) and accordingly, reporting under this Clause is not applicable.

(B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.

(b) The Company has not capitalised any Property, Plant and Equipment in the books and accordingly, the reporting under clause 3(i)(b) of the Order is not applicable to the Company.

(c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties. Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Property, Plant and Equipment (except Capital work in progress) and Intangible assets and accordingly, the reporting under clause 3(i)(d) of the Order is not applicable to the Company.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of generating power from renewable energy source and, consequently, does not hold any inventory. Therefore, the provisions of clause 3 (ii)(a) of the Order are not applicable to the Company.

(b) During the period, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the period from December 13, 2022 to March 31, 2023.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that the Company has used funds raised on short-term basis aggregating Rs 2,529.31 lakhs for long-term purposes.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiary, joint venture or associate company during the period. Accordingly, reporting under this clause is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the period. Accordingly, reporting under this clause is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the period from December 13, 2022 to March 31, 2023. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the period. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

xi (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the period, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the period by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 “Related Party Disclosures” specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.

xiv) (a) In our opinion and based on our examination, the Company did not have an internal audit system during the period.

(b) The Company is not mandated to have an internal audit system during the period.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial/housing finance activities during the period. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete

xvii. The Company has incurred cash losses of Rs. 30.67 lakhs in the financial year

xviii. There has been no resignation of the statutory auditors during the period and accordingly the reporting under clause (xviii) is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 19 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN: 23109846BGYFLF6382

Place: Pune
Date: May 11, 2023

## BALANCE SHEET as at 31.03.2023

*(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)*

| Particulars | Note No | As at March 31, 2023 |
|---|---|---|
| **ASSETS** | | |
| **I. Non-current assets** | | **2,530.31** |
| (a) Capital work-in-progress | 3 | 23.19 |
| (b) Deferred tax assets (net) | 4 | - |
| (c) Other non-current assets | 5 | 2,507.12 |
| **II.Current assets** | | **148.01** |
| (a) Financial assets | | |
| Cash and cash equivalents | 6 | 148.01 |
| **Total Assets** | | **2,678.32** |
| **EQUITY AND LIABILITIES** | | |
| **I. Equity** | | **(121.21)** |
| (a) Equity share capital | 7 | 1.00 |
| (b) Other equity | 8 | (122.21) |
| **Liabilities** | | |
| **II. Current liabilities** | | **2,799.53** |
| (a) Financial liabilities | | |
| (i) Borrowings | 9 | 2,610.00 |
| (ii) Trade payables | | |
| a) total outstanding dues of micro and small enterprises | 10 | - |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 10 | 30.87 |
| (iii) Other financial liabilities | 11 | 15.08 |
| (b) Other current liabilities | 12 | 143.58 |
| **Total Equity and Liabilities** | | **2,678.32** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

## Statement of profit and loss for the period December 13, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs , except per share data and unless stated otherwise)*

| Particulars | Note No | December 13, 2022 to March 31, 2023 |
|---|---|---|
| **Income** | | - |
| Revenue from operations | | - |
| **Total Income** | | **-** |
| **Expenses** | | |
| Other Expenses | 13 | 30.67 |
| **Total Expenses** | | **(30.67)** |
| **Loss before tax** | | **(30.67)** |
| **Tax expense** | | - |
| **Loss for the period** | | **(30.67)** |
| **Other comprehensive income** | | **-** |
| **Total comprehensive loss for the period** | | **(30.67)** |
| Loss per equity share [nominal value per share ₹ 10] | | |
| Basic | 14 | (306.70) |
| Diluted | 14 | (306.70) |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 5 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# First Energy 5 Private Limited

## Statement of Cash flow for the period December 13, 2022 to March 31, 2023

***(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)***

| | Particulars | December 13, 2022 to March 31, 2023 |
|---|---|---|
| **A)** | **Cash flows from operating activities** | |
| | Loss before tax | (30.67) |
| | **Working capital adjustments** | |
| | Increase in trade payables | 30.87 |
| | Increase in other financial liabilities | 0.31 |
| | Increase in other liabilities | 143.58 |
| | **Cash generated from operations** | **144.09** |
| | Direct taxes paid | - |
| | **Net cash flows from operating activities** | **144.09** |
| **B)** | **Cash flows used in investing activities** | |
| | Payments for property, plant and equipment | (2,513.89) |
| | **Net cash flows used in investing activities** | **(2,513.89)** |
| **C)** | **Cash flows from financing activities** | |
| | Proceeds from borrowings | 2,610.00 |
| | Proceeds from issue of Equity shares | 1.00 |
| | Cost related to issue of Own Equity Instruments | (91.54) |
| | Interest paid | (1.65) |
| | **Net cash flows from financing activities** | **2,517.81** |
| | **Net increase in cash and cash equivalents** | **148.01** |
| | Cash and cash equivalents at the beginning of the period | - |
| | **Cash and cash equivalents at the end of the period** | **148.01** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | March 31, 2023 |
|---|---|
| Cash and cash equivalents | 148.01 |
| **Balances as per Cash flow statement** | **148.01** |

Notes:

i) Statement of Cash Flows has been prepared under the "Indirect Method" in accordance with 'IND AS 7 : Statement of Cash Flows'.

ii) Refer Note 9 for Net debt reconciliation

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 5 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

## Statement of changes in Equity for the period December 13, 2022 to March 31, 2023

***(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)***

**A Equity Share Capital**

| Equity Shares of ₹10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---|---|
| Issue during the period | 10,000 | 1.00 |
| **As at March 31, 2023** | **10,000** | **1.00** |

**B Other Equity**

| Particulars | Retained Earnings | Total |
|---|---|---|
| Loss for the period | (30.67) | (30.67) |
| Other comprehensive income for the period | - | - |
| **Total Comprehensive income for the period** | **(30.67)** | **(30.67)** |
| Cost related to issue of Own Equity Instruments | (91.54) | (91.54) |
| **As at March 31, 2023** | **(122.21)** | **(122.21)** |

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

This is the Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 5 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

## 1. Corporate information

First Energy 5 Private Limited ("the Company"), is a private limited company domiciled in India and incorporated on December 13, 2022 under the provisions of Indian Companies Act, 2013 is subsidiary of First Energy Private Limited. The Company is primarily engaged in the business as a producer and distributor of solar power by using solar cells including developing, building, and solar power projects.

The address of Company's registered office is 6th floor, Office No. 601, Cello Platina, F.C. Road, Shivaji Nagar, Pune - 411005, India. The CIN of the Company is U40200PN2022PTC216938.

**2. Summary of Significant accounting policies**

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

**2.1. Basis of preparation and measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.4.

The accounting policies adopted for preparation and presentation of these financial statements have been consistently applied.

**(b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**2.2 Summary of significant accounting policies**

**a. Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.4)
- Quantitative disclosures of fair value measurement hierarchy (note24)
- Financial instruments (including those carried at amortized cost) (note 24)

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

**Cost for issuance of equity instruments:**

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**i. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

**Notes to the Financial Statements for the period December 13, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share dat*a and unless stated otherwise)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase

**l. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**m. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has been identified as the chief operating decision maker of the Company.

**n. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**o. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**p. Rounding of amounts:**

Amounts disclosed in the financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.3.1. Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**ii. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months

# First Energy 5 Private Limited

## Notes to the Financial Statements for the period December 13, 2022 to March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data* and unless stated otherwise)

**2.3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**ii. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**3 (a) Property, Plant and Equipment**

(a) Capital work-in-progress comprises cost of renewable energy plant under construction. Total amount of CWIP is ₹ 23.19 Lakhs.

**(b) Ageing of capital work-in-progress**

| Particulars/Projects | As at March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More than 3 years | Total |
| **Projects in progress** | | | | | |
| (i) Renewable energy project | 23.19 | - | - | - | 23.19 |
| **Total** | **23.19** | **-** | **-** | **-** | **23.19** |

**(c) Impairment Loss**

No provision for impairment loss is made during the year.

**(d) Contractual obligations**

Refer note 15 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**4. Deferred Tax Asset (net)**

Deferred tax assets amounting to Rs.5.26 lakhs have not been recognised in respect of following items, because it is not probable that future profit will be available against which the Company can use the benefits therefrom.

| Particulars | As at March 31, 2023 | |
|---|---|---|
| | Amount | Expiry date |
| Tax losses | 30.67 | FY 2030-31 |
| **Total** | **30.67** | |

**5. Other Non-current Assets**

| Particulars | As at March 31, 2023 |
|---|---|
| Capital advances | 2,507.12 |
| **Total** | **2,507.12** |

**6. Cash and Cash Equivalents**

| Particulars | As at March 31, 2023 |
|---|---|
| **Balance with Banks** | |
| -in current accounts | 7.88 |
| -deposits with original maturity of less than 3 three months | 140.13 |
| **Total** | **148.01** |

**7. Share Capital**

**Authorised Share Capital**

**Equity shares of ₹10 each**

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **As at December 13, 2022** | **-** | **-** |
| Increase during the period | 95,000,000 | 9,500.00 |
| **As at March 31, 2023** | **95,000,000** | **9,500.00** |

**Terms/Rights attached to the equity shares**

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. 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.

**Issued, Subscribed and Paid up Share Capital**

**Equity shares of ₹10 each**

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **As at December 13, 2022** | **-** | **-** |
| Changes during the period | 10,000 | 1.00 |
| **As at March 31, 2023** | **10,000** | **1.00** |

**Equity shares held by holding company**

| Particulars | No. of shares | ₹ in Lakhs |
|---|---|---|
| **Holding company** | | |
| First Energy Private Limited | 10,000 | 1.00 |
| Equity shares of ₹ 10 each | | |

## Notes to the Financial Statements for the period December 13, 2022 to March 31, 2023
*(All amounts are in Rupees Lakhs, except per share data* and unless stated otherwise)

**Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Name of the Shareholder | As at March 31, 2023 |
|---|---|
| (i) First Energy Private Limited, India | |
| % Holding | 100.00% |
| No. of shares | 10,000 |

**Shares held by promoters at the end of the period**

| Name of Promoter | As at March 31, 2023 | |
|---|---|---|
| | Number of shares | % of total number of shares |
| First Energy Private Limited, India | 10,000 | 100.00% |

### 8. Other Equity

| Particulars | As at March 31, 2023 |
|---|---|
| **Retained Earnings** | |
| Loss for the period | (30.67) |
| Add : Other Comprehensive Income for the period | - |
| | **(30.67)** |
| Cost related to issue of Own Equity Instruments | (91.54) |
| **Total** | **(122.21)** |

### 9. Borrowings (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| **Unsecured loans** | |
| Loan from Holding Company | 2,610.00 |
| **Total** | **2,610.00** |
| Aggregate unsecured borrowings | 2,610.00 |

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 |
|---|---|---|---|---|
| **Unsecured borrowings** | | | | |
| Loan from holding company | May 16, 2023 | Repayment in one or multiple tranches within 90 Days | **8%** | 2,610.00 |

**Net debt reconciliation**

| Particulars | As at March 31, 2023 |
|---|---|
| Cash and cash equivalent | 148.01 |
| Borrowings | (2,610.00) |
| Interest accrued | (14.77) |
| **Net debt** | **(2,476.76)** |

| | Other assets | Liabilities from financing activities | Total |
|---|---|---|---|
| | Cash & cash equivalent | Borrowings | |
| **Net debt as at December 13, 2022** | **-** | **-** | **-** |
| Cash flows | 148.01 | (2,610.00) | (2,461.99) |
| Interest expenses | - | (14.77) | (14.77) |
| Interest paid | - | - | - |
| **Net debt as at March 31, 2023** | **148.01** | **(2,624.77)** | **(2,476.76)** |

During the period, the Company has used the borrowings for the specific purpose for which they have been obtained.

### 10. Trade and Other Payables (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| Due to micro and small enterprises | - |
| Due to other than micro and small enterprises | 1.70 |
| Trade payables to related parties (refer note 16) | 29.17 |
| **Total** | **30.87** |

**Ageing schedule for trade payable**

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and Small enterprises | - | - | - | - | - | - | - |
| (ii) Others | 30.87 | - | - | - | - | - | 30.87 |
| **Total** | **30.87** | **-** | **-** | **-** | **-** | **-** | **30.87** |

### 11 : Other financial liabilities (Current)

| Particulars | As at March 31, 2023 |
|---|---|
| Other payables | 0.31 |
| Interest Payables | 14.77 |
| **Total** | **15.08** |

### 12. Other Current Liabilities

| Particulars | As at March 31, 2023 |
|---|---|
| Statutory dues | 143.58 |
| **Total** | **143.58** |

*Mainly include tax deducted at source and stamp duty payable on increase in share capital

### 13. Other Expenses

| Particulars | December 13, 2022 to March 31, 2023 |
|---|---|
| Auditor's remuneration (Refer note below) | 1.50 |
| Corporate overhead allocation | 29.17 |
| **Total** | **30.67** |

**Note: Auditor's remuneration**

| Particulars | December 13, 2022 to March 31, 2023 |
|---|---|
| Statutory Audit Fees | 1.50 |
| **Total** | **1.50** |

### 14. Loss per share

| Particulars | As at March 31, 2023 |
|---|---|
| Net loss attributable to the Equity shareholders of the Company | (30.67) |
| Weighted average number of Equity shares of Rs.10/- each | 10,000 |
| **Basic and Diluted Loss per share (in ₹)** | **(306.70)** |

*(All amounts are in Rupees Lakhs, except per share data* and unless stated otherwise)

**15 Contingent Liabilities and commitments**

**Contingent Liabilities**

There are no liabilities of contingent nature.

**Capital Commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 10,508.68.

**16 Related party disclosures**

**A Holding Company**

First Energy Private Limited

**B Ultimate Holding Company**

RDA Holding Private Limited

**C Key Management Personnel:**

1 Mr. Ravi Damaraju - Director

2 Mr. Mitish Somani - Director

3 Mr. Sandeep Deshpande - Director

**D Transactions with Related parties:**

| Particulars | December 07, 2022 to March 31, 2023 |
|---|---|
| **(a) Transactions during the period** | |
| **With Holding Company** | |
| Subscription for equity shares by holding company | 1.00 |
| Interest expenses (capitalised) | 16.42 |
| Loan Taken | 2,610.00 |
| Reimbursement of expenses paid (Corporate overhead allocation) | 29.17 |

**E Outstanding balances**

| Particulars | December 13, 2022 to March 31, 2023 |
|---|---|
| **(b) Balances as at the period end** | |
| **Holding Company** | |
| Loan payable | 2,610.00 |
| Accrued interest | 14.77 |
| Trade payables | 29.17 |

**F Terms and conditions for outstanding balances**

All outstanding balances are unsecured, interest free except for borrowings and payable in cash. For details of interest on borrowings, refer note 9.

**17 Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Borrowings | 2,610.00 |
| Trade payables | 30.87 |
| Other financial liabilities | 15.08 |
| **Total** | **2,655.95** |
| Current liabilities | 2,655.95 |
| Non current liabilities | - |
| **Total** | **2,655.95** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at amortised cost**

| Particulars | As at March 31, 2023 |
|---|---|
| Cash and cash equivalents | 148.01 |
| **Total** | **148.01** |
| Current assets | 148.01 |
| Non-current assets | - |
| **Total** | **148.01** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**18 Financial risk management**

The Company's principal financial liabilities, comprise 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 cash and cash equivalents.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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 two types of risk: interest rate risk and currency risk.

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

**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.

The Company does not have any exposure to interest rate changes at the end of the reporting period, as there is no borrowings with variable rates:

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

**Notes to the Financial Statements for the period December 13, 2022 to March 31, 2023**
*(All amounts are in Rupees Lakhs, except per share dat*a and unless stated otherwise)

The company has not entered into any foreign currency transaction during the period and hence not exposed to any foreign currency risk.

**c Price risk**

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company is not currently exposed significantly to such risk.

**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 from its investing activities, including deposits with banks.

Credit risk from balances with banks and financial institutions is managed by the Parent Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for bank balances and deposits as at March 31, 2023 is the carrying amounts as disclosed in notes to accounts.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, Parent company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (including the undrawn borrowing facilities, if any) and cash and cash equivalents on the basis of expected cash flows on a ongoing basis. The Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity profile based on contractual undiscounted payments:

**For the period ended March 31, 2023**

| Particulars | On demand | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | - | 2,610.00 | - | - | - |
| Trade Payables | - | 30.87 | - | - | - |
| Other financial liabilities | - | 15.08 | - | - | - |

**21 Analytical ratios**

| S. No. | Particulars | Numerator | Denominator | As at March 31, 2023 |
|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.05 |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | (21.53) |
| 3 | Return on Equity | Net Profits after taxes before exceptional items | Shareholder's Equity | 25% |
| 4 | Return on investment | Earning before interest and taxes | Total assets | (1%) |
| 5 | Trade payables turnover Ratio | Net Credit Purchases | Average Trade Payables | 0.99 |
| 6 | Return on Capital employed | Earning before interest and taxes | Capital Employed | 25% |

Capital employed = Tangible Net worth

**20 Capital management**

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Parent Company.

| Particulars | March 31, 2023 |
|---|---|
| **Borrowings** | **2,610.00** |
| Less: Cash and cash equivalents (includes other bank balances) | 148.01 |
| **Net debt** | **2,461.99** |
| **Equity** | **1.00** |
| **Net Debt to Equity** | **2,461.99** |

**21. Segment reporting**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company's business viz"Producer of power through renewable energy source". Hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments". The Company has not commenced its business activities as on March 31, 2023.

**22. Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

Based on the information available with the Company, none of the vendors fall under the definition of micro, small and medium enterprises..

**23. Other Statutory Information**

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current period.

(iv) There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

(viii) Utilisation of borrowed funds and share premiuma.

The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**24.** The Company is incorporated on December 13, 2022. The financial statements are prepared for the period December 13, 2022 to March 31, 2023 as the first financial statement of the Company. Hence, comparative figures do not exist for the current period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**First Energy 5 Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# JALANSAR WIND ENERGY PRIVATE LIMITED

***Board of Directors***
Ravi Damaraju
Mitish Somani
Sandeep Mandke

***Corporate Office***
Unit No. 601, 6th Floor,
Cello Platina, Fergusson College Road,
Model Colony, Shivajinagar, Pune 411005

***Auditors***
Price Waterhouse & Co.
Chartered Accountants LLP
7th Floor, Business Bay, Tower A,
Wing -1, Airport Road,
Yerwada, Pune 411006

***Bankers***
Yes Bank Limited

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the Sixth Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

The Company's financial performance for the financial year ended 31st March 2023, is summarized below:

(Rs. in Lakh)

| Particulars | **For the period ended on FY March 31, 2023** |
|---|---|
| Total income | 38.49 |
| Profit/(Loss) before depreciation | 6.49 |
| Depreciation and impairment | 4.65 |
| Profit/(Loss) before tax | (1.19) |
| Provision for taxation (incl. deferred tax) | 1.51 |
| Items that not to be reclassified to profit or loss | - |
| Profit/(Loss) after tax | (2.70) |

**State of Company's Affairs**

During the year, the company has launched a Renewable Energy Project with a capacity of 1.1 MW/ 1.6 MWp and Solar PV Mono crystalline modules have been used for electricity generation.

The plant was commissioned on 29th December 2022, and it has been put in operation since then.

**Material changes affecting the Financial Position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

**Dividend**

The directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the company has not transferred any amount to the General Reserve.

**Share Capital**

During the year there were changes in the capital structure of the company. The Company has increased its authorized share capital from Rs. 1,00,000/- (Rupees One Lakh only) consisting of 10,000/- (Ten Thousand) equity shares of Rs. 10/- each to Rs. 3,35,00,000 (Rupees Three Crore Thirty-Five Lakhs) consisting of 33,50,000 (Thirty Three Lakhs Fifty Thousand) Equity Shares of Rs. 10 each. The increase in share capital was approved by the members of the Company in their Extra-Ordinary General Meeting held on June 23, 2022.

The Paid-up Share Capital of the Company is Rs. 2,21,50,000 divided into Equity Shares of 22,15,000 of Rs.10 each. During the year under review, the Company has made the further issue of shares to the existing shareholders on a rights and private placement basis. Details of the further issue of shares are as follows:

| Date of Issue | Number of Shares | Nominal value per share (Rs.) | Amount paid up (Rs.) |
|---|---|---|---|
| 25/07/2022 | 16,00,000 | 10 | 1,60,00,000 |
| 18/10/2022 | 6,05,000 | 10 | 60,50,000 |

The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures, and Associates**

The Company does not have any Subsidiary, Joint Venture, or Associate Company as on March 31, 2023.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not make any investment nor did the company give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

**Restriction on purchase by the Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or to subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of risks in its Solar business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involves risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also contracts competent local infra partners having experience and capability.

- **Renewable Sources and Grid Availability**

  The major risk identified by the Company is generation loss due to lower radiation, and Grid failures. The Company continuously studies the radiation levels with historical data from reliable sources. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk involved the risk of revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance. The Company is also using water cleaning modules at regular frequency.

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

During the year the Company took below health and safety initiatives:

1. Implementation of simultaneous operational procedure with job safety analysis
2. Achieved 35000 safe manhours with zero LTI / Medical cases

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

During the year, Mr. Ravi Damaraju, Mr. Mitish Somani, and Mr. Harpreet Singh were appointed as Additional Directors of the Company w.e.f. June 22, 2022, and Mr. Nilesh Vallabhdas Danani, Mr. Abhinav Singh resigned as the directors of the company w.e.f. June 30,2022. Thereafter, Mr. Sandeep Mandke was appointed as an Additional Director w.e.f. March 27, 2023, and Mr. Harpreet Singh resigned as a director w.e.f. March 31, 2023.

**Key Managerial Personnel**

During the year, no new Key Managerial Personnel was appointed in the Company.

**Board Meetings**

The Board met eight times during the year under review, on June 22, 2022, July 22, 2022, July 25, 2022, September 29, 2022, October 18, 2022, October 31, 2022, November 28, 2022, March 27,2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have 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 and of the profit and loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, RPTs were placed before the Board for noting purposes. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the financial statements.

**Financial Statements**

The financial statements for the year ended March 31, 2023, have been prepared as per Schedule III of the Companies Act, 2013, as amended from time to time.

**Maintenance of Cost Records**

Pursuant to Section 148(1) of the Companies Act, 2013, the requirement for maintenance of cost records is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind, and associated Renewable energy generation sources for commercial & industrial customers.

In the case of Technology absorption, the Company used higher rated (>540Wp) Monoperc PV modules with better efficiency, a structure designed to withstand the wind load and string type Solar Inverters designed for outdoor installation.

**Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings and outgo during the year.

**Particulars of Employees**

Since the company is a Subsidiary of First Energy Private Limited and incorporated for the purpose of carrying out solar business, there are no employees on the rolls of the company as on March 31, 2023.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators / Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment for its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and during the year there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

**Auditors**

The Board of Directors of the Company in their Meeting held on 26th September 2018, appointed M/s. SNK & Co., Chartered Accountants (ICAI FRN. 109176W) as the Statutory Auditors till the conclusion of the Annual General Meeting held in FY 22-23.

However, there was a casual vacancy and M/S Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) were appointed as the Statutory Auditors of the company for FY 2022-23 in the Annual General Meeting held on September 30, 2022, to fill the casual vacancy caused by the resignation of SNK & Co, Chartered Accountants until the conclusion 6th Annual General Meeting to be held in FY 2023-24.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work, and support.

**For and on behalf of the Board of Directors of**

**Jalansar Wind Energy Private Limited**

| | |
|---|---|
| **Mitish Somani** | **Ravi Damaraju** |
| Director | Director |
| DIN - 01853530 | DIN - 09554649 |

**Pune, May 09, 2023**

**Independent auditor's report**

To the Members of Jalansar Wind Energy Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of Jalansar Wind Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditor's responsibilities for the audit of the financial statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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.

**Other Matter**

11. The financial statements of the Company for the year ended March 31, 2022, were audited by another firm of chartered accountants under the Act who, vide their report dated June 20, 2022, expressed an unmodified opinion on those financial statements.

    Our opinion is not modified in respect of above matter.

**Report on other legal and regulatory requirements**

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

13. 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.

    (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 Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A".

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

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

        iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 31 (viii) to the financial statements);

        (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 31 (viii) to the financial statements); and

        (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

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

        vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

14. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/ provided any managerial remuneration during the period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLI6669

Place: Pune
Date: May 11, 2023

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 13(f) of the Independent Auditor's Report of even date to the members of Jalansar Wind Energy Private Limited on the financial statements for the year ended March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Jalansar Wind Energy Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLI6669

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Jalansar Wind Energy Private Limited on the financial statements as of and for the year ended March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of all the immovable properties, as disclosed in Note 3 to the financial statements, are held in the name of the Company.

(d) The Company has chosen cost model for its Property, Plant and Equipment during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of generating power from renewable energy source and consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.

(b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues of income-tax and goods and services tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

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

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiary, joint venture or associate company during the year. Accordingly, reporting under this clause is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the period. Accordingly, reporting under this Clause is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has made a private placement of shares during the year, in compliance with the requirements of Section 42 and Section 62 of the Act. The funds raised have been used for the purpose for which funds were raised

xi (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related

Party Disclosures" specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.

xiv. (a) In our opinion and based on our examination, the Company did not have an internal audit system during the year.

(b) The Company is not mandated to have an internal audit system during the year.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year and had incurred cash losses of Rs. 10.81 lakhs in the immediately preceding financial year.

xviii. We noted no issues, objections or concerns raised by the outgoing statutory auditors in their aforesaid letter.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 27 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLI6669

Place: Pune
Date: May 11, 2023

## Balance Sheet as at March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particular | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **I. Non-current assets** | | **801.63** | **4.15** |
| (a) Property, plant and equipment | 3 | 800.92 | - |
| (b) Right-of-use assets | 3 | - | 4.15 |
| (c) Financial assets | | | |
| Other financial assets | 4 (a) | 0.71 | - |
| **II.Current assets** | | **50.78** | **2.12** |
| (a) Financial assets | | | |
| (i) Trade receivables | 6 | 16.53 | - |
| (ii) Cash and cash equivalents | 7 | 21.05 | 2.12 |
| (iii) Other financial assets | 4(b) | 11.83 | - |
| (b) Other current assets | 5 | 1.37 | - |
| **Total Assets** | | **852.41** | **6.27** |
| **EQUITY AND LIABILITIES** | | | |
| **I. Equity** | | **201.91** | **(12.27)** |
| (a) Equity share capital | 8 | 221.50 | 1.00 |
| (b) Other equity | 9 | (19.59) | (13.27) |
| **Liabilities** | | | |
| **II. Non-current liabilities** | | **558.65** | **4.24** |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10(a) | 543.73 | - |
| (ii) Lease liabilities | 11(a) | - | 4.24 |
| (b) Deferred tax liabilities (net) | 20 | 1.51 | - |
| (c) Contract Liabilities | 15 | 13.41 | - |
| **III. Current liabilities** | | **91.85** | **14.30** |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10(b) | 46.04 | 13.76 |
| (ii) Lease liabilities | 11(b) | - | 0.04 |
| (iii) Trade and other payables | | | |
| a) total outstanding dues of micro enterprises and small enterprises | 12 | 0.43 | - |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 12 | 9.73 | - |
| (iv) Other financial liabilities | 13 | 25.83 | 0.45 |
| a) Contract Liabilities | 15 | 7.21 | - |
| b) Other current liabilities | 14 | 2.61 | 0.05 |
| **Total Equity and Liabilities** | | **852.41** | **6.27** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

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

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particular | Note No. | 2022-23 | 2021-22 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 15 | 26.20 | - |
| Other income | 16 | 12.29 | - |
| **Total Income** | | **38.49** | **-** |
| **Expenses** | | | |
| Finance costs | 17 | 14.33 | 0.85 |
| Depreciation expense | 18 | 7.65 | 0.15 |
| Other Expenses | 19 | 17.70 | 9.96 |
| **Total Expenses** | | **39.68** | **10.96** |
| **Loss before tax** | | **(1.19)** | **(10.96)** |
| Tax expense | | 1.51 | - |
| Current tax | | - | - |
| Deferred tax | 20 | 1.51 | - |
| **Loss for the year** | | **(2.70)** | **(10.96)** |
| **Other comprehensive income** | | **-** | **-** |
| **Total comprehensive Loss for the year** | | **(2.70)** | **(10.96)** |
| Loss per equity share [nominal value per share ₹10] | | | |
| Basic | 21 | (0.22) | (109.64) |
| Diluted | 21 | (0.22) | (109.64) |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**Jalansar Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# JALANSAR WIND ENERGY PRIVATE LIMITED

## Statement of changes in equity for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

**A. Equity Share Capital**

**(₹ in Lakhs)**

| Equity Shares of ₹ 10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---|---|
| **As at April 1, 2021** | **10,000** | **1.00** |
| Issue/(Reduction) during the year | - | - |
| **As at March 31, 2022** | **10,000** | **1.00** |
| Issued during the year | 2,205,000 | 220.50 |
| **As at March 31, 2023** | **2,215,000** | **221.50** |

**B. Other Equity**

| Particulars | Retained Earnings | Total |
|---|---|---|
| **As at April 1, 2021** | **(2.31)** | **(2.31)** |
| Loss for the year | (10.96) | (10.96) |
| Other comprehensive income for the year | - | - |
| **Total Comprehensive Loss for the year** | **(10.96)** | **(10.96)** |
| **As at March 31, 2022** | **(13.27)** | **(13.27)** |
| Loss for the year | (2.70) | (2.70) |
| Other comprehensive income for the year | - | - |
| **Total Comprehensive Loss for the year** | **(2.70)** | **(2.70)** |
| Cost related to issue of Own Equity Instruments | (3.62) | (3.62) |
| **As at March 31, 2023** | **(19.59)** | **(19.59)** |

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

This is the Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**Jalansar Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

## Cash flow statement for the year ended March 31, 2023
*(All amounts are in Rupees Lakhs , except stated otherwise)*

| | Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| A) | **Cash flows from operating activities** | | |
| | Loss before tax | (1.19) | (10.96) |
| | **Adjustments to reconcile profit before tax to net cash flows** | | |
| | Depreciation on Property, plant and equipment and right-of-use assets | 7.65 | 0.15 |
| | Interest expense | 14.33 | 0.86 |
| | Liabilities no longer required written back | 0.22 | - |
| | **Working capital adjustments** | | |
| | (Increase) in trade receivables | (16.53) | - |
| | (Increase) in other financial assets | (12.54) | - |
| | Decrease / (Increase) in other assets | (1.37) | 4.42 |
| | Increase in contract and other liabilities | 23.19 | 0.04 |
| | Increase in other financial liabilities | (0.80) | - |
| | **Cash generated from operations** | **23.12** | **(5.49)** |
| | Direct taxes paid | - | - |
| | **Net cash flows from operating activities** | **23.12** | **(5.49)** |
| B) | **Cash flows used in investing activities** | | |
| | Purchase of property, plant and equipment | (785.80) | - |
| | **Net cash flows used in investing activities** | **(785.80)** | **-** |
| C) | **Cash flows from financing activities** | | |
| | Proceeds from borrowings | 589.49 | 8.24 |
| | Transaction cost for availing borrowing | (13.48) | |
| | Proceeds from issue of Equity shares | 220.50 | - |
| | Cost related to issue of Own Equity Instruments | (3.62) | - |
| | Interest paid | (9.53) | (0.86) |
| | Payment of lease liability | - | (0.03) |
| | Interest paid and capitalised in Property, plant and Equipment | (1.75) | - |
| | **Net cash flows from financing activities** | **781.61** | **7.35** |
| | **Net increase in cash and cash equivalents** | **18.93** | **1.86** |
| | Cash and cash equivalents at the beginning of the year | 2.12 | 0.26 |
| | **Cash and cash equivalents at the end of the year** | **21.05** | **2.12** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash and cash equivalents | 21.05 | 2.12 |
| **Balances as per Cash flow statement** | **21.05** | **2.12** |

**Notes:**

i) Statement of Cash Flows has been prepared under the “Indirect Method” in accordance with ‘IND AS 7 : Statement of Cash Flows’.

ii) Refer Note 10 for Net debt reconciliation

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of**
**Jalansar Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

**1 Corporate information**

Jalansar Wind Energy Private Limited ("the Company"), is a private limited company domiciled in India and incorporated on 27th March 2017 under the provisions of Indian Companies Act, 2013 is subsidiary of First Energy Private Limited. The Company is primarily engaged in the business as a producer and distributor of solar power by using solar cells including developing, building, and solar power projects.

The address of Company's registered office is Unit No 601, 6th Floor, Cello Platina, F. C. Road, Shivajinagar, Pune 411005, India. The CIN of the Company is U40300PN2017PTC219725.

**2 Significant accounting policies**

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

**2.1 Basis of preparation and measurement**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the financial statements require the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.3.

The accounting policies adopted for preparation and presentation of these financial statements have been consistently applied.

**(b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**2.2 Summary of significant accounting policies**

**a. Foreign currency translation**

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.3)
- Quantitative disclosures of fair value measurement hierarchy (note 24)
- Financial instruments (including those carried at amortized cost) (note 24)

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment | 10 to 25 | 15 to 20 |
| Building | 3 | 30 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

The Company has the following streams of revenue:

- ***Revenue from Sale of electricity***

Revenue from sale of power is recognised net of cash discount over time for each unit of electricity delivered at the contracted rate. The transaction price is adjusted for significant financing component, if any and the adjustment is accounted as finance cost. Revenue recognized includes amounts billed to consumers on the basis of recording of consumption of energy by installed meters based on the applicable tariff agreed in purchase power agreement, which are recognized considering past trends of approval, management's probability estimate and when no significant uncertainty exists in such determination.

**Contract balances**

**Contract assets:** The contract assets relate to unbilled work in progress. If the Company satisfies performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g. loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Financial liabilities**

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

Cost for issuance of equity instruments:

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**i. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**l. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**m. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has been identified as the chief operating decision maker of the Company.

**n. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made..

**o. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**p. Rounding of amounts:**

Amounts disclosed in the financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.3 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.3.1 Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**ii. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months.

**2.3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**ii. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**iii. Useful lives of property, plant and equipment and intangible assets**

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**iv. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

### 3 Property, Plant and Equipment

| Particulars | Land Freehold | Solar Power Plant | Right of Use of asset - Land | Total |
|---|---|---|---|---|
| **Gross Block** | | | | |
| As at 01 April 2021 | - | - | - | - |
| Additions | - | - | 4.30 | - |
| **As at 31 March 2022** | **-** | **-** | **4.30** | **-** |
| Additions | 25.93 | 782.64 | - | 808.57 |
| Deletion | - | - | **4.30** | - |
| **As at 31 March 2023** | **25.93** | **782.64** | **-** | **808.57** |
| **Depreciation** | | | | |
| **As at 01 April 2021** | - | - | - | - |
| For the year | - | - | 0.15 | - |
| Deductions/Amortization | - | - | - | - |
| **As at 31 March 2022** | **-** | **-** | **0.15** | **-** |
| For the year | - | **7.65** | **-** | **7.65** |
| Deductions/Amortization | - | - | **0.15** | - |
| **As at 31 March 2023** | **-** | **7.65** | **-** | **7.65** |
| **Net Block** | | | | |
| **As at 31 March 2022** | **-** | **-** | **4.15** | **-** |
| **As at 31 March 2023** | **25.93** | **774.99** | **-** | **800.92** |

See note 10 for information on property, plant and equipment pledged as security by the Company.

**Capitalization of expenses**

During the year, the Company has capitalized the following expenses of revenue nature to the cost of Property, plant and equipment. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

| Particulars | As at March 31, 2023 |
|---|---|
| Reimbursement of Salaries and wages | 10.11 |
| Reimbursement of Others Expenses | 1.62 |
| **Total** | **11.73** |

### 4 (a) Other Financial Assets (Non-current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | | |
| Unsecured, considered good | 0.71 | - |
| **Total** | **0.71** | **-** |

### 4 (b) Other Financial Assets (Current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Other receivables | 11.83 | - |
| **Total** | **11.83** | **-** |

### 5 Other Current Assets

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Advance to employees** | | |
| Unsecured, considered good | 0.40 | - |
| Prepaid expenses | 0.97 | - |
| **Total** | **1.37** | **-** |

### 6 Trade Receivables (Current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade Receivables** | **16.53** | **-** |
| - Unbilled* | 8.47 | - |
| - Billed | 8.06 | - |
| **Break-up for security details:** | | |
| Secured considered good | - | - |
| Unsecured considered good | 16.53 | - |
| Trade receivables which have a significant increase in credit risk | - | - |
| Trade receivables- credit impaired | - | - |
| Less: impairment allowance | - | - |
| **Total** | **16.53** | **-** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

*The receivable is 'unbilled' because the Company has not yet issued an invoice; however, the balance has been included under trade receivables (as opposed to contract assets) because it is an unconditional right to consideration.

**Trade Receivables ageing**

**As at March 31, 2023**

| Particulars | Unbilled | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade Receivables- considered good | 8.47 | - | 8.06 | - | - | - | - | 16.53 |
| **Total** | **8.47** | **-** | **8.06** | **-** | **-** | **-** | **-** | **16.53** |

## Notes to financial statements for the year ended March 31, 2023

*(All amounts in Rupees lakh, unless otherwise stated)*

### 7 Cash and Cash Equivalents

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balance with Bank** | | |
| - in current accounts | 21.05 | 2.12 |
| **Total** | **21.05** | **2.12** |

### 8 Share Capital

**Authorised Share Capital**

Equity shares of ₹ 10 each

| Particular | No. of Shares | ₹ in Lakhs |
|---|---|---|
| **As at April 1, 2021** | **10,000** | **1.00** |
| Increase/(decrease) during the year | - | - |
| **As at March 31 2022** | **10,000** | **1.00** |
| Increase during the year | 3,340,000 | 334.00 |
| **As at March 31, 2023** | **3,350,000** | **335.00** |

**Terms/Rights attached to the 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 of the Holding Company 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.

**Issued, Subscribed and Paid up Share Capital**

Equity shares of ₹ 10 each

| Particular | No. of Shares | ₹ in Lakhs |
|---|---|---|
| **As at April 1, 2021** | **10,000** | **1.00** |
| Changes during the year | - | - |
| **As at March 31 2022** | **10,000** | **1.00** |
| Changes during the year | 2,205,000 | 220.50 |
| **As at March 31, 2023** | **2,215,000** | **221.50** |

**Equity shares held by holding company**

| Name of Company | As at March 31 2023 | | As at March 31 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| **Holding company** | | | | |
| First Energy Private Limited | 1,638,994 | 163.90 | - | - |
| Equity shares of ₹ 10 each | | | | |
| Sarjan Realties Private Limited | - | - | 9,999 | 1.00 |
| Equity shares of ₹ 10 each | | | | |

**Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Name of the Shareholder | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (i) First Energy Private Limited, India | | |
| % Holding | 74.00% | - |
| No. of shares | 1,638,994 | - |
| (ii) Indoco Remidies Limited | | |
| % Holding | 26.00% | - |
| No. of shares | 576,000 | - |
| (iii) Sarjan Realties Private Limited | | |
| % Holding | - | 100.00% |
| No. of shares | - | 9,999 |

**Shares held by promoters at the end of the year**

| Name of Promoter | As at March 31, 2023 | | As at March 31, 2022 | | % of change during the year |
|---|---|---|---|---|---|
| | Number of shares | % of total number of shares | Number of shares | % of total number of shares | |
| First Energy Private Limited | 1,638,994 | 74.00% | - | - | 74.00% |
| Sarjan Realties Private Limited | - | - | 9,999 | 100% | |

### 9 Other Equity

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Retained Earnings** | | |
| Opening Balance | (13.27) | (2.31) |
| Add : Loss for the year | (2.70) | (10.96) |
| Add : Other Comprehensive Income | - | - |
| | **(2.70)** | **(10.96)** |
| Cost related to issue of Own Equity Instruments | (3.62) | - |
| **Total** | **(19.59)** | **(13.27)** |

### 10 (a) Borrowings (Non-current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured loans from Bank** | | |
| Indian rupee loans from banks* | 577.95 | - |
| Less: Current maturities of long-term debt (included in current borrowings) | 34.22 | - |
| **Total** | **543.73** | **-** |

* After considering unamortised expense of Rs. 12.05 lakhs as at March 31, 2023

| | | |
|---|---|---|
| Aggregate secured borrowings | 577.95 | - |
| Aggregate unsecured borrowings | - | - |

Indian rupee loans from banks is secured by way of charge on all present and future moveable and immovable assets including plant & machinery, machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature and when arising and pledge of 51% of shares of the Company held by the holding company.

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| **Secured borrowings** | | | | | |
| Loan from Yes Bank | 31/3/2042 | 76 structured quarterly Installment start from 30th June, 2023 | 9.35% p.a. (Interest rate 3M MCLR) | 577.95 | - |

### 10(b) Borrowings (Current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured loans** | | |
| Current maturities of long-term debt | 34.22 | - |
| **Unsecured loans** | | |
| From others | 11.82 | 13.76 |
| **Total** | **46.04** | **13.76** |
| Aggregate secured borrowings | 34.22 | - |
| Aggregate unsecured borrowings | 11.82 | 13.76 |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

| Particular | Maturity date | Terms of payment | Interest rate | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| **Unsecured borrowings** | | | | | |
| Loan from others | Payable on Demand | Single payment at end of term | 9% | 11.82 | 13.76 |

**Net debt reconciliation**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Borrowings | (589.77) | (13.76) |
| Lease Liabilities | - | (4.28) |
| Interest accrued | (4.80) | - |
| Cash and cash equivalent | 21.05 | 2.12 |
| **Net debt** | **(573.52)** | **(15.92)** |

| Particular | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash & cash equivalent | Borrowings | Lease Liabilities | |
| **Net debt as at March 31, 2021** | **0.26** | **(13.76)** | **-** | **(13.50)** |
| Additions of lease | - | - | (4.30) | (4.30) |
| Cash flows | 1.86 | - | 0.02 | 1.88 |
| Interest Expenses | - | - | (0.36) | (0.36) |
| Interest paid | - | - | 0.36 | 0.36 |
| **Net debt as at March 31, 2022** | **2.12** | **(13.76)** | **(4.28)** | **(15.92)** |
| Cash flows | 18.93 | (576.01) | - | (557.08) |
| Borrowing cost capitalised | - | (1.75) | - | (1.75) |
| Deletions of lease | - | - | 4.28 | 4.28 |
| Interest Expenses | - | (14.33) | - | (14.33) |
| Interest paid | - | 11.28 | - | 11.28 |
| **Net debt as at March 31, 2023** | **21.05** | **(594.57)** | **-** | **(573.52)** |

**11 (a) Lease Liabilities (Non-current)**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Lease liabilities | - | 4.24 |
| **Total** | **-** | **4.24** |

**11 (b) Lease Liabilities (Current)**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Lease liabilities | - | 0.04 |
| **Total** | **-** | **0.04** |

**12 Trade & Other Payable (Current)**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Due to micro and small enterprises | 0.43 | - |
| Due to other than micro and small enterprises | 4.65 | - |
| Trade payables to related parties (refer note 24) | 5.08 | - |
| **Total** | **10.16** | **-** |

**Ageing schedule for trade payable**

**As at March 31, 2023**

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and small enterprises | 0.43 | - | - | - | - | - | 0.43 |
| (ii) Others | 9.73 | - | - | - | - | - | 9.73 |
| **Total** | **10.16** | **-** | **-** | **-** | **-** | **-** | **10.16** |

**As at March 31, 2022**

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and small enterprises | - | - | - | - | - | - | - |
| (ii) Others | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

### 13 Other financial liabilities (Current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Payable for capital purchases | 21.03 | - |
| Interest accrued but not due on loans | 4.80 | - |
| Other payables | - | 0.45 |
| **Total** | **25.83** | **0.45** |

### 14 Other Current Liabilities

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Statutory dues* | 2.61 | 0.05 |
| **Total** | **2.61** | **0.05** |

*Mainly include tax deducted at source and GST liability

### 15 Revenue from Operations

| Particular | 2022-23 | 2021-22 |
|---|---|---|
| **Sales of Products** | | - |
| Revenue from Power Supply | 26.20 | - |
| **Total** | **26.20** | **-** |

**Disclosure pursuant to IND AS 115: Revenue from contracts with customers**

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **i) Revenue by category of contracts:** | | |
| Over a period of time basis | 26.20 | - |
| At a point-in-time basis | - | - |
| **Total revenue from contracts with customers** | **26.20** | **-** |
| **ii) Revenue by geographical market:** | | |
| Within India | 26.20 | - |
| Outside India | - | - |
| **Total revenue from contracts with customers** | **26.20** | **-** |

**iii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Trade receivables (Refer note 6) | 16.53 | - |
| Contract Liabilities | 20.62 | - |

The contract liabilities relate to unearned revenue where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Group's cash positions on specific projects.

**iv) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Contract price | 24.39 | - |
| Adjustments for: | | |
| Significant Financing Component | 1.81 | - |
| **Total Revenue as per Contracted Price** | **26.20** | **-** |

### 16 Other Income

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Provisions no longer required written back | 0.35 | - |
| Miscellaneous income | 11.94 | - |
| **Total** | **12.29** | **-** |

### 17 Finance Costs

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost | 14.33 | 0.49 |
| Interest on lease liabilities | - | 0.36 |
| **Total** | **14.33** | **0.85** |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 9.00%.

### 18 Depreciation Expense

| Particular | 2022-23 | 2021-22 |
|---|---|---|
| Depreciation of property, plant and equipment | 7.65 | - |
| Depreciation of right-of-use assets | - | 0.15 |
| **Total** | **7.65** | **0.15** |

### 19 Other Expenses

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Operation & Maintenance Charges | 1.77 | - |
| Electricity Expenses | 0.38 | - |
| Rates and taxes | 2.98 | - |
| Insurance | 0.28 | - |
| Travelling and conveyance | 0.88 | 0.70 |
| Printing and stationery | 0.02 | - |
| Professional charges | 2.39 | 0.47 |
| Auditor's remuneration (Refer note below) | 1.77 | - |
| Miscellaneous expenses | 2.15 | 5.84 |
| Bad debts and irrecoverable balances written off | - | 2.95 |
| Corporate Overhead allocation | 5.08 | - |
| **Total** | **17.70** | **9.96** |

**Note: Auditor's remuneration**

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Statutory Audit Fees | 1.77 | - |
| **Total** | **1.77** | **-** |

### 20 Defared Tax Liabilities (Net)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred Tax Asset** | | |
| Losses available for offsetting against future taxable income | 33.30 | |
| Others | 0.23 | - |
| **Total** | **33.53** | - |
| **Less : Deferred Tax Liability** | | |
| Depreciation | 35.04 | - |
| **Total** | **35.04** | **-** |
| **Total** | **1.51** | **-** |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**The income tax expense consists of following:**

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Current tax expense | - | - |
| Deferred tax (benefit) / charge | 1.51 | - |
| | **1.51** | **-** |

**The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense**

| Particular | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Loss before tax | (1.19) | (10.96) |
| Income tax rate | 25.17% | 25.17% |
| Expected tax expense | (0.30) | (2.76) |
| Others | 1.81 | 2.76 |
| **Total tax expense** | **1.51** | **-** |

**21 Loss per share**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Net Loss attributable to the Equity shareholders of the Company | (2.70) | (10.96) |
| Weighted average number of Equity shares of Rs.10/- each | 1,257,014 | 10,000 |
| **Basic and Diluted Loss per share** | **(0.22)** | **(109.64)** |

**22 Contingent liabilities**

There are no liabilities of contingent nature.

**23 Other commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Nil.

**24 Related party disclosures**

**A Holding Company**

First Energy Private Limited (w.e.f. June 23, 2022)

Sarjan Realities Private Limited (Till June 22, 2022)

**B Ultimate Holding Company**

RDA Holding Private Limited (w.e.f. June 23, 2022)

**C Entities under common control with whom there have been transactions during the year:**

First Energy 2 Private Limited (w.e.f. June 23, 2022)

Tanti Holdings Private Limited (till June 22, 2022)

**D Key Management Personnel:**

1 Mr. Ravi Damaraju - Director (w.e.f. June 22, 2022)
2 Mr. Mitish Somani - Director ( w.e.f. June 22, 2022)
3 Sandeep Mandke - Director (w.e.f. March 30, 2023)
4 Harpreet Singh - Director ( w.e.f.June 22 to March 31, 2023)
5 Nilesh Vallabhdas Dhanani (till June 22, 2022)
6 Abhinav Singh (till June 22, 2022)

**E Transactions with Related parties:**

| Particular | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(a) Transactions during the year** | | |
| **With Immediate Holding Company** | | |
| First Energy Private Limited | | |
| Subscription for equity shares by holding company | 162.90 | - |
| Reimbursement of expenses paid (inclusive of Reimbursement of Capital expenditure) | 568.14 | - |
| Sarjan Realities Private Limited | | |
| Unsecured Loan Received | - | 2.90 |
| Interest Expense | - | 0.11 |
| **Entities under common control** | | |
| First Energy 2 Private Limited | | |
| Reimbursement of expenses paid | 1.04 | - |
| Tanti Holdings Private Limited | | |
| Unsecured Loan Received | - | 4.90 |
| Interest Expense | - | 0.38 |

**F Outstanding balances**

| Particular | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Immediate Holding Company** | | |
| **First Energy Private Limited** | | |
| Capital creditors payable | 4.37 | - |
| Trade Payable | 5.08 | - |
| Sarjan Realities Private Limited | | |
| Unsecured Loans | 3.68 | 5.62 |
| **Entities under common control** | | |
| First Energy 2 Private Limited | | |
| Reimbursement of expenses paid | 1.04 | - |
| Tanti Holdings Private Limited | | |
| Unsecured Loans | 5.24 | 5.24 |

**G Terms and conditions**

All outstanding balances are unsecured, interest free except for borrowings and payable in cash. For details of interest on borrowings, refer note 10.

**25 Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particular | 2022-23 | 2021-22 |
|---|---|---|
| Trade payable | 10.16 | - |
| Lease liability | - | 4.28 |
| Other liabilities | 25.83 | 0.45 |
| Borrowings | 589.77 | 13.76 |
| **Total** | **625.76** | **18.49** |
| Current liabilities | 82.03 | 14.25 |
| Non current liabilities | 543.73 | 4.24 |
| **Total** | **625.76** | **18.49** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

*(All amounts in Rupees lakh, unless otherwise stated)*

**Break-up of financial assets carried at amortised cost**

| Particular | 2022-23 | 2021-22 |
|---|---|---|
| Trade receivables | 16.53 | - |
| Other financial assets | 12.54 | - |
| Cash and cash equivalents | 21.05 | 2.12 |
| **Total** | **50.12** | **2.12** |
| Current assets | 49.41 | 2.12 |
| Non-current assets | 0.71 | - |
| **Total** | **50.12** | **2.12** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**26 Financial risk management**

The Company's principal financial liabilities, comprise 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 trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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 and currency risk.

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

**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.

**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 loss before tax is affected through the impact on floating rate borrowings.

| Particulars | Amount of Loan | Increase/ decrease in % | Impact on loss before tax |
|---|---|---|---|
| Variable rate borrowings | 589.77 | Increase in 50 basis point | (0.81) |
| | | Decrease in 50 basis point | 0.84 |

**b Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company has not entered into any foreign currency transaction during the year and hence not exposed to any foreign currency risk.

**c Price risk**

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company is not currently exposed significantly to such risk.

**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 investing activities, including deposits with banks.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes above. There is no charge of impairment to Statement of profit and loss.

**Expected credit loss for contract assets under simplified approach**

| | As at March 31, 2023 | |
|---|---|---|
| **Trade receivables** | **Gross** | **Expected loss allowance** |
| Unbilled | 8.47 | - |
| Outstanding for following periods from the due date | | |
| Not due | - | - |
| Less than 6 months | 8.06 | - |
| **Total** | **16.53** | **-** |

Credit risk from balances with banks and financial institutions is managed by the Parent Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, Parent Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Company's liquidity management policy

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

**For the year ended March 31, 2023**

| Particulars | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | 11.82 | 34.22 | 55.16 | 42.43 | 446.14 |
| Trade Payables | - | 10.16 | - | - | - |
| Other financial liabilities | - | 60.05 | - | - | - |

**For the year ended March 31, 2022**

| Particulars | On demand | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|---|
| **Non- derivative** | | | | | |
| Borrowings | 13.76 | - | - | - | - |
| Lease liabilities | - | 0.04 | 0.08 | 0.14 | 4.02 |
| Other payables | - | 0.45 | - | - | - |

**27 Analytical ratios**

| S. No. | Particulars | Numerator | Denominator | For the year ended March 31, 2023 | For the year ended March 31, 2022 | Variance | Reasons for variance of more than 25% |
|---|---|---|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.55 | 0.15 | (0.40) | Refer note (i) below |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | 2.92 | (1.12) | (4.04) | Refer note (i) below |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.) | Debt Service (Interest & Lease Payments + Principal Repayments) | 1.45 | (11.72) | (13.17) | Refer note (i) below |
| 4 | Return on Equity | Net Profits after taxes | Average* Shareholder's Equity | (3)% | 161% | 164% | Refer note (i) below |
| 5 | Return on investment | Earning before interest and taxes | Average* Total assets | 3% | (184)% | (187)% | Refer note (i) below |
| 6 | Return on Capital employed | Earning before interest and taxes | Average* Capital Employed | 3% | 414% | (99)% | Refer note (ii) below |
| 7 | Net Profit Ratio | Net Profits after taxes | Revenue | (10)% | Not applicable | Not applicable | Refer note (ii) below |
| 8 | Trade Receivables turnover Ratio | Total Sales | Average Accounts Receivable | 1.58 | Not applicable | Not applicable | Refer note (ii) below |
| 9 | Trade payables turnover Ratio | Net Credit Purchases | Average Trade Payables | 0.67 | Not applicable | Not applicable | Refer note (ii) below |
| 10 | Net capital turnover Ratio | Total Sales | Average Working Capital | (0.98) | Not applicable | Not applicable | Refer note (ii) below |

Working Capital = Current assets less Current liabilities

Capital employed = Tangible Net worth + total debt

*Average = ((Opening + Closing) / 2)

Note:

(i) Considering the the Company has started its operations during the year, there is significant transactions incurred during the period resulting in increase in borrowings, payables, equity capital, cash and cash equivalents, other assets and liabilities, consequently, resulting in significant variance as compared to previous year.

(ii) As no sales during the previous year, sales and purchases were NIL. Thus, previous year ratios are not calculated wherever Sales and purchases amounts are considered for calculation.

*(All amounts in Rupees lakh, unless otherwise stated)*

**28 Capital Management**

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Company.

| Particular | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Borrowings | 589.77 | 13.76 |
| Lease Liabilities | - | 4.28 |
| Less: Cash and cash equivalents (includes other bank balances) | 21.05 | 2.12 |
| **Net debt** | **568.72** | **15.92** |
| **Equity** | 201.91 | (12.27) |
| **Net Debt to Equity** | **2.82** | **(1.30)** |

**Loan Covenants**

The Borrower shall, during the entire tenor of the Facility, ensure that:

(i) Debt to Equity ratio of 3:1 is maintained;

(ii) DSCR of 1.10x is maintained; and

(iii) Debt to Tangible net worth is less than or equal to 3:1

Financial Covenant with respect to Debt to Equity Ratio/DSCR shall be first tested based on the audited financial statements of the Financial Year 2022-23 and annually thereafter within a period of 6 (six) months from the end of the relevant Financial Year.
The company has complied with the applicable covenants throughout the reporting period

**29 Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

Dues to small-scale industrial undertakings have been worked out on the basis of information available with the Management.

| Sr. No | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| a) | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 12) | 0.43 | - |
| b) | "Interest due to suppliers registered under the MSMED Act for the year and remaining unpaid as at year end" | - | - |
| c) | "Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year" | - | - |
| d) | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| e) | Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| f) | Further Interest remaining due and payable for earlier years | - | - |

**30 Segment reporting**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company's business viz "Producer of power through renewable energy source". Hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

**31 Other Statutory Information**

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current and previous year.

(iv) There is no income surrendered or disclosed as income during the current year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(viii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**32** Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Jalansar Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# KANAKAL WIND ENERGY PRIVATE LIMITED

***Board of Directors***
Ravi Damaraju
Mitish Somani
Sandeep Mandke

***Corporate Office***
Unit No. 601, 6th Floor,
Cello Platina, Fergusson College Road,
Model Colony, Shivajinagar, Pune 411005

***Auditors***
Price Waterhouse & Co.
Chartered Accountants LLP
7th Floor, Business Bay, Tower A,
Wing -1, Airport Road,
Yerwada, Pune 411006

***Bankers***
Yes Bank Limited

**DIRECTORS' REPORT**

Dear Shareholder,

The Directors have the pleasure of presenting the Sixth Annual Report of the Company for the year ended March 31, 2023.

**FINANCIAL RESULTS**

The Company's financial performance for the financial year ended 31st March 2023, is summarized below:

(Rs. in Lakh)

| Particulars | For the period ended on FY March 31, 2023 |
|---|---|
| Total income | 53.78 |
| Profit/(Loss) before depreciation | (10.60) |
| Depreciation and impairment | 11.39 |
| Profit/(Loss) before tax | (0.79) |
| Provision for taxation (incl. deferred tax) | 3.19 |
| Items that not to be reclassified to profit or loss | - |
| Profit/(Loss) after tax | (3.98) |

**State of Company's Affairs**

During the year, the company has installed a Solar Energy Project with a capacity of 1.6MW/ 2.4 MWp using Solar PV Mono crystalline modules for electricity generation.

The plant was commissioned on December 29, 2022, and it has been in operation since then.

**Material changes affecting the Financial Position of the Company**

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

**Dividend**

The directors do not recommend any dividend on equity shares.

**Amount proposed to be carried to Reserves**

During the year, the company has not transferred any amount to the General Reserve.

**Share Capital**

During the year there were changes in the capital structure of the company. The Company has increased its authorized share capital from Rs. 1,00,000/- (Rupees One Lakh only) consisting of 10,000/- (Ten Thousand) equity shares of Rs. 10/- each to Rs. 2,40,00,000 (Rupees Two Crore Forty Lakhs only) consisting of 24,00,000 (Twenty Four Lakh) Equity Shares of Rs. 10 each. The increase in share capital was approved by the members of the Company in their Extra-Ordinary General Meeting held on June 23, 2022.

The Company further increased its authorized share capital from Rs. 2,40,00,000/- (Rupees Two Crore Forty Lakhs only) consisting of 24,00,000/- (Twenty-Four Lakhs) equity shares of Rs. 10/- each to Rs. 3,40,00,000 (Rupees Three Crore Forty Lakhs only) consisting of 34,00,000 (Thirty-Four Lakh) Equity Shares of Rs. 10 each. The increase in share capital was approved by the members of the Company in their Extra-Ordinary General Meeting held on July 26, 2022.

The Paid-up Share Capital of the Company is Rs. 3,32,30,000 divided into Equity Shares of 33,23,000 of Rs.10 each. During the year under review, the Company has done further issue of shares to the existing shareholders on a rights and private placement basis. Details of the further issue of shares are as follows:

| Date of Issue | Number of Shares | Nominal value per share (Rs.) | Amount paid up (Rs.) |
|---|---|---|---|
| 25/07/2022 | 23,90,000 | 10 | 2,39,00,000 |
| 18/10/2022 | 9,23,000 | 10 | 92,30,000 |

The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity during the year.

**Subsidiaries, Joint Ventures, and Associates**

The Company does not have any Subsidiary, Joint Venture, or Associate Company as on March 31, 2023.

**Deposits**

The Company has not accepted any deposits under Chapter V of the Companies Act, 2013. It has no unpaid/unclaimed deposits as on March 31, 2023.

**Particulars of Loans, Guarantees or Investments**

During the year under review, the Company did not make any investment nor did the company give any loan or guarantee pursuant to the provisions of Section 186 of the Companies Act, 2013.

**Restriction on purchase by the Company or giving of Loans by it for purchase of its shares**

Pursuant to the provisions of Section 67(3)(c) of the Companies Act, 2013, and rules made thereunder, the Company has not given any loan exceeding the limit mentioned therein, to persons in the employment of the Company, Directors or Key Managerial Personnel, for purchase or to subscribe shares of the Company.

**Business Risk Management**

The Company has identified the below types of risks in its Solar business and has drawn a mitigation plan to address the same –

- **Land Risk**

  The land title/ ownership data as per Government systems have certain degree of inaccuracies owing to prevalent old manual systems. This could result in delays in land acquisition and give rise to litigation. To mitigate this risk, the Company has an in-house Land expert and appointed a reputable legal agency to conduct Thirty Year Title Search Report (TSR) to clearly establish the ownership prior to land acquisition.

- **Risk of Right of Way (RoW) and Resources**

  This type of risk involves risk of delays due to RoW during construction and the availability of resources as per the plan. To cope with this risk the Company plans advance tie-up for land parcels and NOCs from respective agencies. It also contracts competent local infra partners having experience and capability.

- **Renewable Sources and Grid Availability**

  The major risk identified by the Company is generation loss due to lower radiation, and Grid failures. The Company continuously studies the radiation levels with historical data from reliable sources. It also carries out Load Flow Analysis and studies the data on power availability and quality from the Grid.

- **Plant Uptime and Soiling Losses**

  This type of risk involved the risk of revenue loss due to breakdowns and soiling due to the unavailability of water. This risk can be mitigated by selecting competent and credible service partners for Operations & Maintenance. The Company is also using water cleaning modules at regular frequency.

**Health and Safety**

Health and Safety at project sites are of paramount importance to the Company. The Company strives for continuous improvement and its objective is to establish the best safety practices at sites. Safety culture is inculcated as part of daily operations by site managers.

During the year the Company took below health and safety initiatives:

1. Implementation of simultaneous operational procedure with job safety analysis
2. Achieved 35000 safe manhours with zero LTI / Medical cases

**Adequacy of Internal Financial Controls**

The Company has adequate internal financial controls and those are operating effectively.

**Directors**

During the year, Mr. Ravi Damaraju, Mr. Mitish Somani, and Mr. Harpreet Singh were appointed as Additional Directors of the Company w.e.f. June 22, 2022, and Mr. Nilesh Vallabhdas Danani, Mr. Abhinav Singh resigned as the directors of the company w.e.f. June 30,2022. Thereafter, Mr. Sandeep Mandke was appointed as an Additional Director w.e.f. March 27, 2023, and Mr. Harpreet Singh resigned as a director w.e.f. March 31, 2023.

**Key Managerial Personnel**

During the year, no new Key Managerial Personnel was appointed in the Company.

**Board Meetings**

The Board met eight times during the year under review, on June 22, 2022, July 22, 2022, July 25, 2022, September 29, 2022, October 18, 2022, October 31, 2022, November 28, 2022, March 27,2023. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs during the year.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have 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 and of the profit and loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the annual accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Secretarial Standards**

The Institute of the Company Secretaries of India (ICSI) has issued the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company is in compliance with the revised standards.

**Details regarding frauds reported by Auditors under section 143(12)**

During the year under review, there were no frauds reported by the auditors to the Board under section 143(12) of the Act.

**Related Party Transactions (RPT)**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Therefore, requirements of disclosure of RPTs in AOC-2 are not attracted.

During the year, RPTs were placed before the Board for noting purposes. A statement showing the disclosure of transactions with related parties as required under IND AS 24 is set out separately in the financial statements.

**Financial Statements**

The financial statements for the year ended March 31, 2023, have been prepared as per Schedule III of the Companies Act, 2013, as amended from time to time.

**Maintenance of Cost Records**

Pursuant to Section 148(1) of the Companies Act, 2013, the requirement for maintenance of cost records is not applicable to the Company.

**Conservation of energy and technological absorption**

The Company is in the business of renewable energy. The Company aims to conserve the environment by bringing about significant change in methods of using energy through the application of Solar, Wind, and associated Renewable energy generation sources for commercial & industrial customers.

In the case of Technology absorption, the Company used higher rated (>540Wp) Monoperc PV modules with better efficiency, a structure designed to withstand the wind load and string type Solar Inverters designed for outdoor installation.

**Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings and outgo during the year.

**Particulars of Employees**

Since the company is a Subsidiary of First Energy Private Limited and incorporated for the purpose of carrying out solar business, there are no employees on the rolls of the company as on March 31, 2023.

**Significant and material orders passed by the Regulators or Courts**

There are no significant or material orders passed by the Regulators / Courts.

**Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a safe and conducive work environment for its employees. There were no cases pending at the beginning of the year/ filed during the year, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**The Insolvency and Bankruptcy Code, 2016**

Your Board confirms that there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and during the year there is no instance of onetime settlement with any Bank or Financial Institution, during the year under review.

**Auditors**

The Board of Directors of the Company in their Meeting held on 26th September 2018, appointed M/s. SNK & Co., Chartered Accountants (ICAI FRN. 109176W) as the Statutory Auditors till the conclusion of the Annual General Meeting held in FY 22-23.

However, there was a casual vacancy and M/S Price Waterhouse Chartered Accountants LLP (FRN. 012754N/N500016) were appointed as the Statutory Auditors of the company for FY 2022-23 in the Annual General Meeting held on September 30, 2022, to fill the casual vacancy caused by the resignation of SNK & Co, Chartered Accountants until the conclusion of the 6th Annual General Meeting to be held in FY 2023-24.

**Acknowledgments**

The Directors wish to place on record their appreciation for the support extended by the Company's customers, vendors and bankers during the year and look forward to their continued support in the future as well. They also place on record their appreciation for the dedication and contributions made by all the employees for their commitment, hard work, and support.

**For and on behalf of the Board of Directors of**

**Kanakal Wind Energy Private Limited**

| | |
|---|---|
| **Mitish Somani** | **Ravi Damaraju** |
| Director | Director |
| DIN - 01853530 | DIN - 09554649 |

**Pune, May 09, 2023**

# KANAKAL WIND ENERGY PRIVATE LIMITED

**Independent auditor's report**

To the Members of Kanakal Wind Energy Private Limited

**Report on the Audit of the Financial Statements**

**Opinion**

1. We have audited the accompanying financial statements of Kanakal Wind Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Other Information**

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

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

**Responsibilities of management and those charged with governance for the financial statements**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

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

**Auditor's responsibilities for the audit of the financial statements**

7. 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.

8. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism 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 management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

10. 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.

**Other Matter**

11. The financial statements of the Company for the year ended March 31, 2022, were audited by another firm of chartered accountants under the Act who, vide their report dated June 20, 2022, expressed an unmodified opinion on those financial statements.

    Our opinion is not modified in respect of above matter.

**Report on other legal and regulatory requirements**

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

13. 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.

    (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 Accounting Standards specified under Section 133 of the Act.

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

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A".

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

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company was not required to recognise a provision as at March 31, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2023.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

        iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 31(viii) to the financial statements);

        (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 31(viii) to the financial statements); and

        (c) Based on such audit procedures that we 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 (a) and (b) contain any material misstatement.

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

        vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.

14. The provisions of section 197 read with Schedule V of the Act are applicable to the Company. However, the Company has not paid/ provided any managerial remuneration during the period.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLJ6000

Place: Pune
Date: May 11, 2023

**Annexure A to Independent Auditor's Report**

Referred to in paragraph 13(f) of the Independent Auditor's Report of even date to the members of Kanakal Wind Energy Private Limited on the financial statements for the year ended March 31, 2023

**Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of Kanakal Wind Energy Private Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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**

3. 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to financial statements**

6. 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 statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

7. 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.

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLJ6000

Place: Pune
Date: May 11, 2023

**Annexure B to Independent Auditors' Report**

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Kanakal Wind Energy Private Limited on the financial statements as of and for the year ended March 31, 2023

i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Intangible assets and accordingly, reporting under this Clause is not applicable.

(b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of all the immovable properties, as disclosed in Note 3 to the financial statements, are held in the name of the Company.

(d) The Company has chosen cost model for its Property, Plant and Equipment during the year. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment assets does not arise.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.

ii. (a) The Company is in the business of generating power from renewable energy source and, consequently, does not hold any inventory. Therefore, the provisions of clause 3 (ii)(a) of the Order are not applicable to the Company.

(b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b),(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues of income-tax and goods and services tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. (Also refer Note 10 to the financial statements)

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.

(e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiary, joint venture or associate company during the year. Accordingly, reporting under this clause is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the period. Accordingly, reporting under this Clause is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has made a private placement of shares during the year, in compliance with the requirements of Section 42 and Section 62 of the Act. The funds raised have been used for the purpose for which funds were raised

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 “Related Party Disclosures” specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act and, accordingly, to this extent, the reporting under clause 3(xiii) of the Order is not applicable to the Company.

xiv (a) In our opinion and based on our examination, the Company did not have an internal audit system during the year.

(b) The Company is not mandated to have an internal audit system during the year.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is 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, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group has one CIC as part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

xvii. The Company has not incurred any cash losses in the financial year and had incurred cash losses of Rs. 8.71 Lakhs in the immediately preceding financial year.

xviii. We noted no issues, objections or concerns raised by the outgoing statutory auditors in their aforesaid letter.

xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 27 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that 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 provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership Number: 109846
UDIN : 23109846BGYFLJ6000

Place: Pune
Date: May 11, 2023

## Balance Sheet as at March 31, 2023

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **I. Non-current assets** | | **1,194.05** | **6.23** |
| (a) Property, plant and equipment | 3 | 1,193.01 | - |
| (b) Right-of-use assets | 3 | - | 6.23 |
| (c) Financial assets | | | |
| Other financial assets | 4(a) | 1.04 | - |
| **II.Current assets** | | **83.47** | **2.52** |
| (a) Financial assets | | | |
| (i) Trade receivables | 6 | 13.56 | - |
| (ii) Cash and cash equivalents | 7 | 53.73 | 2.52 |
| (iii) Other financial assets | 4(b) | 14.41 | - |
| (b) Other current assets | 5 | 1.77 | - |
| **Total Assets** | | **1,277.52** | **8.75** |
| **EQUITY AND LIABILITIES** | | | |
| **I. Equity** | | **308.11** | **(14.92)** |
| (a) Equity share capital | 8 | 332.30 | 1.00 |
| (b) Other equity | 9 | (24.19) | (15.92) |
| **Liabilities** | | | |
| **II. Non-current liabilities** | | **838.09** | **6.35** |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10(a) | 814.83 | - |
| (ii) Lease liabilities | 11(a) | - | 6.35 |
| (b) Deferred tax liabilities (net) | 20 | 3.19 | - |
| (c) Contract Liabilities | 15 | 20.07 | - |
| **III. Current liabilities** | | **131.32** | **17.32** |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10(b) | 65.10 | 16.70 |
| (ii) Lease liabilities | 11(b) | - | 0.05 |
| (iii) Trade and other payables | | | |
| a) total outstanding dues of micro enterprises and small enterprises | 12 | 0.43 | - |
| b) total outstanding dues of creditors other than micro enterprises and small enterprises | 12 | 13.63 | - |
| (iv) Other financial liabilities | 13 | 35.05 | - |
| (a) Contract Liabilities | 15 | 10.86 | - |
| (b) Other current liabilities | 14 | 6.25 | 0.57 |
| **Total Equity and Liabilities** | | **1,277.52** | **8.75** |

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred in our report of even date

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

*(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)*

| Particulars | Note No. | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 15 | 38.85 | - |
| Other income | 16 | 14.93 | - |
| **Total Income** | | **53.78** | **-** |
| **Expenses** | | | |
| Finance costs | 17 | 21.31 | 1.56 |
| Depreciation expense | 18 | 11.39 | 0.22 |
| Other Expenses | 19 | 21.87 | 7.15 |
| **Total Expenses** | | **54.57** | **8.93** |
| **Loss before tax** | | **(0.79)** | **(8.93)** |
| **Tax expense** | | 3.19 | - |
| Current tax | | - | - |
| Deferred tax | 20 | 3.19 | - |
| **Loss for the year** | | **(3.98)** | **(8.93)** |
| **Other comprehensive income** | | **-** | **-** |
| **Total comprehensive loss for the year** | | **(3.98)** | **(8.93)** |
| Loss per equity share [nominal value per share ₹10] | | | |
| Basic | 21 | (0.21) | (89.32) |
| Diluted | 21 | (0.21) | (89.32) |

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

This is the Statement of Profit and Loss referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Kanakal Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

# KANAKAL WIND ENERGY PRIVATE LIMITED

## Cash flow statement for the year ended March 31, 2023

*(All amounts are in Rupees Lakhs , except stated otherwise)*

| | Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|---|
| **A)** | **Cash flows from operating activities** | | |
| | Loss before tax | (0.79) | (8.93) |
| | **Adjustments to reconcile profit before tax to net cash flows** | | |
| | Depreciation on Property, plant and equipment and right-of-use assets | 11.39 | 0.22 |
| | Interest expense | 21.31 | 1.56 |
| | Provisions no longer required written back | 0.18 | - |
| | **Working capital adjustments** | | |
| | (Increase) in trade receivables | (13.56) | - |
| | (Increase) in other financial assets | (15.45) | - |
| | (Increase) in other assets | (1.77) | - |
| | Increase in trade payables | 14.06 | - |
| | Increase in contract and other liabilities | 36.61 | 0.08 |
| | Increase in other financial liabilities | 1.64 | 4.89 |
| | **Cash generated from operations** | **53.62** | **(2.18)** |
| | Direct taxes paid | - | - |
| | **Net cash flows generated from operating activities** | **53.62** | **(2.18)** |
| **B)** | **Cash flows used in investing activities** | | |
| | Purchase of property, plant and equipment | (1,175.91) | - |
| | **Net cash flows used in investing activities** | **(1,175.91)** | **-** |
| **C)** | **Cash flows from financing activities** | | |
| | Proceeds from borrowings | 878.34 | 6.10 |
| | Transaction cost for availing borrowing | (15.11) | - |
| | Proceeds from issue of Equity shares | 331.30 | - |
| | Cost related to issue of Own Equity Instruments | (4.29) | - |
| | Interest paid on borrowing | (14.13) | (1.56) |
| | Payment of lease liability | - | (0.05) |
| | Interest paid and capitalised in Property, plant and Equipment | (2.60) | - |
| | **Net cash flows from financing activities** | **1,173.51** | **4.50** |
| | **Net increase in cash and cash equivalents** | **51.21** | **2.32** |
| | Cash and cash equivalents at the beginning of the year | 2.52 | 0.20 |
| | **Cash and cash equivalents at the end of the year** | **53.73** | **2.52** |

Reconciliation of cash and cash equivalents as per the cash flow statement:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash and cash equivalents | 53.73 | 2.52 |
| **Balances as per Cash flow statement** | **53.73** | **2.52** |

**Notes:**

i) Statement of Cash Flows has been prepared under the "Indirect Method" in accordance with 'IND AS 7 : Statement of Cash Flows'.

ii) Refer Note 10 for Net debt reconciliation

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

This is the Statement of Cash Flows referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Kanakal Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

## Statement of changes in equity for the year ended March 31, 2023

(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)

**A. Equity Share Capital**

| Equity Shares of ₹ 10 each issued, subscribed and fully paid | No. of Shares | Amount |
|---|---|---|
| **As at April 1, 2021** | **10,000** | **1.00** |
| Issue/(Reduction) during the year | - | - |
| **As at March 31, 2022** | **10,000** | **1.00** |
| Issued during the year | 3,313,000 | 331.30 |
| **As at March 31, 2023** | **3,323,000** | **332.30** |

**B. Other Equity**

| Particulars | Retained Earnings | Total |
|---|---|---|
| **As at April 1, 2021** | **(6.99)** | **(6.99)** |
| Loss for the year | (8.93) | (8.93) |
| Other comprehensive income for the year | - | - |
| **Total Comprehensive Loss for the year** | **(8.93)** | **(8.93)** |
| **As at March 31, 2022** | **(15.92)** | **(15.92)** |
| Loss for the year | (3.98) | (3.98) |
| Other comprehensive income for the year | - | - |
| **Total Comprehensive Loss for the year** | **(3.98)** | **(3.98)** |
| Cost related to issue of Own Equity Instruments | (4.29) | (4.29) |
| **As at March 31, 2023** | **(24.19)** | **(24.19)** |

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

This is the Statement of Changes in Equity referred in our report of even date

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Kanakal Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

**1 Corporate information**

Kanakal Wind Energy Private Limited ("the Company"), is a private limited company domiciled in India and incorporated on 27th March 2017 under the provisions of Indian Companies Act, 2013 is subsidiary of First Energy Private Limited. The Company is primarily engaged in the business as a producer and distributor of solar power by using solar cells including developing, building, and solar power projects.

The address of Company's registered office is Unit No 601, 6th Floor, Cello Platina, F. C. Road, Shivajinagar, Pune 411005, India. The CIN of the Company is U40300PN2017PTC219726.

**2 Significant accounting policies**

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

**2.1 Basis of preparation and measurement**

**a) Basis of preparation**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the act.

The preparation of the financial statements requires the use of certain critical accounting judgements, estimates and assumptions. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.3.

The accounting policies adopted for preparation and presentation of these financial statements have been consistently applied.

**b) Historical cost convention**

The financial statements have been prepared on the accrual and going concern basis under historical cost convention except the following:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**2.2 Summary of significant accounting policies**

**a. Foreign currency translation**

*(i) Functional and presentation currency*

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

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in profit and loss and are presented in the Statement of Profit and Loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**b. Fair value measurement**

The Company measures financial instruments, such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for significant judgements, estimates and assumptions (note 2.3)
- Quantitative disclosures of fair value measurement hierarchy (note 24)
- Financial instruments (including those carried at amortized cost) (note 24)

Notes to financial statements for the year ended March 31, 2023
*(All amounts in Rupees lakh, unless otherwise stated)*

**c. Property, Plant and Equipment**

Property, plant and equipment (PPE) and capital work in progress are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss, if any. All significant costs relating to the acquisition and installation of PPE are capitalised. Subsequent costs/replacement costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of profit and loss during the financial year in which they are incurred.

The Company identifies and determines the cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Depreciation on PPE is calculated on a straight line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The management has estimated, supported by independent assessment by professionals, the useful lives of certain classes of assets. The following useful lives are adopted by the management:

| Asset category | Company's estimate of useful life (years) | Useful life as prescribed under Schedule II (years) |
|---|---|---|
| Plant and equipment | 10 to 25 | 15 to 20 |
| Building | 3 | 30 |

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the Statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

**e. Revenue recognition**

***i. Revenue from Contracts with customers***

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. The Company collects goods and services tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.4.

The Company has the following streams of revenue:

- ***Revenue from Sale of electricity***

Revenue from sale of power is recognised net of cash discount over time for each unit of electricity delivered at the contracted rate. The transaction price is adjusted for significant financing component, if any and the adjustment is accounted as finance cost. Revenue recognized includes amounts billed to consumers on the basis of recording of consumption of energy by installed meters based on the applicable tariff agreed in purchase power agreement, which are recognized considering past trends of approval, management's probability estimate and when no significant uncertainty exists in such determination.

**Contract balances**

**Contract assets:** The contract assets relate to unbilled work in progress. If the Company satisfies performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration and are transferred to Trade receivables on completion of milestones and its related invoicing. Contract assets are recorded in the balance sheet as unbilled revenue.

**Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

***ii. Interest income***

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. Interest income is included in finance income in the statement of profit and loss.

**f. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Profit and Loss, transactions costs that are attributable to the acquisition of the financial asset. For all subsequent measurements, financial assets are classified in following categories by the Company:

***i. Debt instruments at amortized cost***

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortization is included in finance costs/ income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss.

***ii. Debt instrument at FVTPL***

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

***iii. Equity investments***

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of profit and loss, even on the sale of the investment. However, the Company may transfer the cumulative gain or loss within equity.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortized costs e.g., loans, deposits, trade receivables, contractual receivables and bank balances. The Company follows 'simplified approach' for recognition of impairment allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment allowance based on 12-month. The Company considers current and anticipated future economic conditions relating to industries of the customer and the countries where it operates.

ECL impairment allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of profit and loss under the head 'other expenses'. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

***Financial liabilities***

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

Subsequent measurement of financial liabilities depends on their classification as fair value through profit and loss or at amortized cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using the EIR method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortization is included as finance cost in the Statement of Profit and Loss.

***Derecognition***

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

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**g. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**h. Share capital**

Equity shares issued to shareholders are classified as equity. Incremental costs directly attributable to the issue of new equity shares are recognized as a deduction from equity, net of any related income tax effects.

Cost for issuance of equity instruments:

The cost in issuing or acquiring Company's own equity instruments includes registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. These costs are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

**i. Income tax**

**Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized either in OCI or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in OCI or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

**j. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**k. Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses including impairment on inventory are recognized in the Statement of profit or loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**l. Provisions**

Provisions are recognized 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, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

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 recognized as a finance cost.

**m. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company has been identified as the chief operating decision maker of the Company.

**n. Contingent liabilities**

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**o. Earnings Per Share (EPS)**

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by adjusting the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares considered for deriving basic EPS for the effects of all the equity shares that could have been issued upon conversion of all dilutive potential equity shares (which includes the various stock options granted to employees).

**p. Rounding of amounts:**

Amounts disclosed in the financial statements are presented in INR in lakhs rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013, unless otherwise stated.

**2.3 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures including contingent liabilities as at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**2.3.1 Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

**i. Impairment of property, plant and equipment**

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of the relevant cash generating units. The value in use calculation is based on a Discounted Cash Flow model over the estimated useful life of the property, plant and equipment. Further, the cash flow projections are based on estimates and assumptions relating to expected demand, future price of fuel, expected tariff rates for electricity, discount rate, exchange rate and electricity market scenario, based on past trends and the current and likely future state of the industry etc. which are considered reasonable by the Management. Any reasonable possible change in the underlying assumptions would not lead to a material change to the amount of impairment.

**ii. Borrowing costs**

Significant management judgement is involved in determining whether in assessing whether the asset (solar/wind projects) is a qualifying asset using the factors such as period of time to get ready, nature of activities necessary and industry practice. The construction of solar/wind projects involves a period ranging from 6 months to 10 months.

**2.3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i. Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years as approved by the Management and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the terminal growth rate used.

**ii. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**iii. Useful lives of property, plant and equipment and intangible assets**

The Company determines, based on independent technical assessment, the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

**iv. Deferred taxes**

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax assets could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

### 3 Property, Plant and Equipment

| Particulars | Land Freehold | Solar Power Plant | Right of Use of asset - Land | Total |
|---|---|---|---|---|
| **Gross Block** | | | | |
| As at 01 April 2021 | - | - | - | - |
| Additions | - | - | 6.46 | 6.46 |
| **As at 31 March 2022** | **-** | **-** | **6.46** | **6.46** |
| Additions | 38.35 | 1,166.05 | | 1,204.40 |
| Deductions | - | - | (6.46) | (6.46) |
| **As at 31 March 2023** | **38.35** | **1,166.05** | **-** | **1,204.40** |
| **Depreciation** | | | | |
| **As at 01 April 2021** | - | - | - | - |
| For the year | - | - | 0.22 | 0.22 |
| Deductions | - | - | - | - |
| **As at 31 March 2022** | **-** | **-** | **0.22** | **0.22** |
| For the year | - | 11.39 | | 11.39 |
| Deductions | - | - | 0.22 | 0.22 |
| **As at 31 March 2023** | **-** | **11.39** | **-** | **11.39** |
| **Net Block** | | | | |
| **As at 31 March 2022** | **-** | **-** | **6.23** | **6.23** |
| **As at 31 March 2023** | **38.35** | **1,154.66** | **-** | **1,193.01** |

See note 10(a) for information on property, plant and equipment pledged as security by the Company.

**Capitalization of expenses**

During the year, the Company has capitalized the following expenses of revenue nature to the cost of Property, plant and equipment. Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

| Particular | Amount |
|---|---|
| Reimbursement of Salaries and wages | 10.11 |
| Reimbursement of Others Expenses | 1.62 |
| **Total** | **11.73** |

### 4 (a) Other Financial Assets (Non-current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Security deposits** | | |
| Unsecured, considered good | 1.04 | - |
| **Total** | **1.04** | **-** |

### 4 (b) Other Financial Assets (Current)

**₹ in Lakhs**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Other receivables | 14.41 | - |
| **Total** | **14.41** | **-** |

### 5 Other Current Assets

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Advance to employees** | | |
| Unsecured, considered good | 0.30 | - |
| Prepaid expenses | 1.47 | - |
| **Total** | **1.77** | **-** |

### 6 Trade Receivables (Current)

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade Receivables** | 13.56 | - |
| - Unbilled* | 13.56 | - |
| - Billed | - | - |
| **Break-up for security details:** | | |
| Secured considered good | - | - |
| Unsecured considered good | 13.56 | - |
| Trade receivables which have a significant increase in credit risk | - | - |
| Trade receivables- credit impaired | - | - |
| Less: impairment allowance | - | - |
| **Total** | **13.56** | **-** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person nor any trade receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

*The receivable is 'unbilled' because the Company has not yet issued an invoice; however, the balance has been included under trade receivables (as opposed to contract assets) because it is an unconditional right to consideration.

**Trade Receivables ageing**

**As at March 31 2023**

| Particulars | Unbilled | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade Receivables- considered good | 13.56 | - | - | - | - | - | - | 13.56 |
| **Total** | **13.56** | **-** | **-** | **-** | **-** | **-** | **-** | **13.56** |

**As at March 31 2022**

| Particulars | Unbilled | Not Due | Outstanding for the following period from due date of payments | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed Trade Receivables- considered good | - | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - | - |

7 **Cash and Cash Equivalents**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balance with Bank** | | |
| - in current accounts | 53.73 | 2.52 |
| **Total** | **53.73** | **2.52** |

8 **Share Capital**

**Authorised Share Capital**

Equity shares of ₹ 10 each

(₹ Lakhs)

| Particular | No. of Shares | As at March 31, 2022 |
|---|---|---|
| **As at April 1, 2021** | **10,000** | **1.00** |
| Increase/(decrease) during the year | - | - |
| **As at March 31 2022** | **10,000** | **1.00** |
| Increase during the year | 3,390,000 | 339.00 |
| **As at March 31 2023** | **3,400,000** | **340.00** |

**Terms/Rights attached to the 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 of the Company 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.

**Issued, Subscribed and Paid up Share Capital**

Equity shares of ₹ 10 each

| Particular | No. of Shares | As at March 31, 2022 |
|---|---|---|
| **As at April 1, 2021** | **10,000** | **1.00** |
| Changes during the year | - | - |
| **As at March 31 2022** | **10,000** | **1.00** |
| Changes during the year | 3,313,000 | 331.30 |
| **As at March 31 2023** | **3,323,000** | **332.30** |

**Equity shares held by holding company**

| Particulars | As at March 31 2023 | | As at March 31 2022 | |
|---|---|---|---|---|
| | No. of shares | ₹ in Lakhs | No. of shares | ₹ in Lakhs |
| **Holding company** | | | | |
| First Energy Pvt Limited | 2,459,000 | 245.90 | - | - |
| Equity shares of ₹ 10 each | | | | |
| Sarjan Realties Private Limited | - | - | 9,999 | 1.00 |
| Equity shares of ₹ 10 each | | | | |

**Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Name of the Shareholder | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (i) First Energy Private Limited, India | | |
| % Holding | 74.00% | - |
| No. of shares | 2,459,000 | - |
| (ii) Indoco Remedies Limited | | |
| % Holding | 26.00% | - |
| No. of shares | 864,000 | - |
| (iii) Sarjan Realties Private Limited | | |
| % Holding | - | 100.00% |
| No. of shares | - | 9,999 |

**Shares held by promoters at the end of the year**

| Name of Promoter | As at March 31, 2023 | | As at March 31, 2022 | | % of change during the year |
|---|---|---|---|---|---|
| | Number of shares | % of total number of shares | Number of shares | % of total number of shares | |
| First Energy Private Limited | 2,459,000 | 74.00% | - | - | 74.00% |
| Sarjan Realties Private Limited | - | - | 9,999 | 100% | -100.00% |

9 **Other Equity**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Retained Earnings** | **(19.90)** | **(15.92)** |
| Opening Balance | (15.92) | (6.99) |
| Add : Loss for the year | (3.98) | (8.93) |
| Add : Other Comprehensive Income for the year | - | - |
| | **(3.98)** | **(8.93)** |
| Cost related to issue of Own Equity Instruments | (4.29) | - |
| **Total** | **(24.19)** | **(15.92)** |

10 (a) **Borrowings (Non-current)**

| Particular | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured loans from Bank** | | |
| Indian rupee loans from banks* | 865.52 | - |
| Less: Current maturities of long-term debt (included in current borrowings) | 50.69 | - |
| **Total** | **814.83** | **-** |

* After considering unamortised expense of Rs. 14.48 lakhs as at March 31, 2023

| | | |
|---|---|---|
| Aggregate secured borrowings | 814.83 | - |
| Aggregate unsecured borrowings | - | - |

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| **Secured borrowings** | | | | | |
| Loan from Yes Bank | 31/03/2042 | 76 structured quarterly Installment start from 30th June, 2023 | 9.35% p.a. (Interest rate 3M MCLR) | 865.52 | - |

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**Details of security**

Indian rupee loans from banks is secured by way of charge on all present and future moveable and immovable assets including plant & machinery, machinery spares, tools, spare and accessories, project documents and on all current assets of the project (present and future) including but not limited to book debts, operating cash flows, receivables, commission, revenues of whatsoever nature and when arising and pledge of 51% of shares of the Company held by the holding company.

**10(b) Borrowings (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Secured loans** | **50.69** | - |
| Current maturities of long-term debt | 50.69 | - |
| **Unsecured loans** | **14.41** | **16.70** |
| From others | 14.41 | 16.70 |
| **Total** | **65.10** | **16.70** |
| Aggregate secured borrowings | 50.69 | - |
| Aggregate unsecured borrowings | 14.41 | 16.70 |

| Particulars | Maturity date | Terms of payment | Interest rate | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|---|
| **Unsecured borrowings** | | | | | |
| Loan from others | Payable on Demand | Single payment at end of term | 9% | 14.41 | 16.70 |

**Net debt reconciliation**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash and cash equivalent | 53.73 | 2.52 |
| Lease Liabilities | - | (6.40) |
| Interest accrued | (7.18) | - |
| Borrowings | (879.93) | (16.70) |
| **Net debt** | **(833.38)** | **(20.58)** |

**Net debt reconciliation**

| Particulars | Other assets | Liabilities from financing activities | | Total |
|---|---|---|---|---|
| | Cash & cash equivalent | Borrowings | Lease Liabilities | |
| **Net debt as at March 31, 2021** | **0.20** | **(10.60)** | **-** | **(10.40)** |
| Additions of lease | - | - | (6.46) | (6.46) |
| Cash flows | 2.32 | (6.10) | 0.61 | (3.18) |
| Interest Expenses | - | (1.01) | (0.55) | (1.56) |
| Interest paid | - | 1.01 | - | 1.01 |
| **Net debt as at March 31, 2022** | **2.52** | **(16.70)** | **(6.40)** | **(20.58)** |
| Cash flows | 51.21 | (863.23) | - | (812.02) |
| Borrowing cost capitalised | - | (2.60) | - | (2.60) |
| Deletions of lease | - | - | 6.40 | 6.40 |
| Interest Expenses | - | (14.13) | - | (14.13) |
| Interest paid | - | 9.55 | - | 9.55 |
| **Net debt as at March 31, 2023** | **53.73** | **(887.11)** | **-** | **(833.38)** |

**11(a) Lease Liabilities (Non-current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Lease liabilities | - | 6.35 |
| **Total** | **-** | **6.35** |

**11(b) Lease Liabilities (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Lease liabilities | - | 0.05 |
| **Total** | **-** | **0.05** |

**12 Trade and other payable (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Due to micro and small enterprises | 0.43 | - |
| Due to other than micro and small enterprises | 6.00 | - |
| Trade payables to related parties (refer note 24) | 7.63 | - |
| **Total** | **14.06** | **-** |

*(All amounts in Rupees lakh, unless otherwise stated)*

**Ageing schedule for trade payable**

**As at March 31, 2023**

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and small enterprises | 0.43 | - | - | - | - | - | 0.43 |
| (ii) Others | 13.63 | - | - | - | - | - | 13.63 |
| **Total** | **14.06** | **-** | **-** | **-** | **-** | **-** | **14.06** |

**Ageing schedule for trade payable**

**As at March 31, 2022**

| Particulars | Unbilled | Not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|---|
| | | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Micro and small enterprises | - | - | - | - | - | - | - |
| (ii) Others | - | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

**13 Other financial liabilities (Current)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Payable for capital purchases | 25.88 | - |
| Interest Accrued but not due on loans | 7.18 | - |
| Other payables | 1.99 | - |
| **Total** | **35.05** | **-** |

**14 Other Current Liabilities**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Statutory dues* | 6.25 | 0.10 |
| Others | - | 0.47 |
| **Total** | **6.25** | **0.57** |

*Mainly include tax deducted at source and GST liability

**15 Revenue from Operations**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **Sales of Products** | | |
| Revenue from Power Supply | 38.85 | - |
| **Total** | **38.85** | **-** |

**Disclosure pursuant to IND AS 115: Revenue from contracts with customers**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| **i) Revenue by category of contracts:** | | |
| Over a period of time basis | 38.85 | - |
| At a point-in-time basis | - | - |
| **Total revenue from contracts with customers** | **38.85** | **-** |
| **ii) Revenue by geographical market:** | | |
| Within India | 38.85 | - |
| Outside India | - | - |
| **Total revenue from contracts with customers** | **38.85** | **-** |

**iii) Contract balances**

The following table provides information about contract balances from contracts with customers as at the reporting date:

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Trade receivables (Refer note 6) | 75.81 | - |
| Contract Liabilities | 30.93 | - |

The contract liabilities relate to unearned revenue where performance obligations are yet to be fulfilled as per the contracts. The fulfilment of the performance obligations will extinguish these liabilities and revenue will be recognised, with no impact on the Group's cash positions on specific projects.

**iv) Reconciliation between revenue recognised in Statement of profit and loss and contract price**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Contract price | 36.13 | - |
| Adjustments for: | | |
| Significant Financing Component | 2.72 | - |
| **Total Revenue as per Contracted Price** | **38.85** | **-** |

**16 Other Income**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Provisions no longer required written back | 0.35 | - |
| Miscellaneous income | 14.58 | - |
| **Total** | **14.93** | **-** |

**17 Finance Costs**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Interest expense on financial liabilities measured at amortised cost | 21.31 | 1.01 |
| Interest on lease liabilities | - | 0.55 |
| **Total** | **21.31** | **1.56** |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the period, in this case 9.00%.

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

**18 Depreciation and Amortization Expense**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Depreciation of property, plant and equipment | 11.39 | - |
| Depreciation of right-of-use assets | - | 0.22 |
| **Total** | **11.39** | **0.22** |

**19 Other Expenses**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Operation & Maintenance Charges | 2.65 | - |
| Electricity Expenses | 1.25 | - |
| Rates and taxes | 2.00 | - |
| Insurance | 0.49 | - |
| Travelling and conveyance | 0.05 | 0.79 |
| Professional charges | 4.80 | 0.36 |
| Auditor's remuneration (Refer below note ) | 1.77 | 0.12 |
| Miscellaneous expenses | 1.23 | 0.01 |
| Corporate Overhead allocation | 7.63 | - |
| Sundry Balances write off | - | 5.87 |
| **Total** | **21.87** | **7.15** |

**Note: Auditor's remuneration**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Statutory Audit Fees | 1.77 | 0.12 |
| **Total** | **1.77** | **0.12** |

**20 Deferred Tax Liability (net)**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Deferred Tax Asset | | |
| Losses available for offsetting against future taxable income | 49.27 | - |
| Others | 0.32 | - |
| **Total** | **49.59** | **-** |
| **Less : Deferred Tax Liability** | | |
| Depreciation | 52.78 | - |
| **Total** | **52.78** | **-** |
| **Total** | **3.19** | **-** |

**The income tax expense consists of following:**

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Current tax expense | - | - |
| Deferred tax (benefit) / charge | 3.19 | - |
| **Total** | **3.19** | **-** |

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Loss before tax | (0.79) | (8.93) |
| Income tax rate | 25.17% | 25.17% |
| Expected tax expense | (0.20) | (2.25) |
| Others | 3.39 | 2.25 |
| **Total tax expense** | **3.19** | **-** |

**21 Loss per share**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Net Loss attributable to the Equity shareholders of the Company | (3.98) | (8.93) |
| Weighted average number of Equity shares of Rs.10/- each | 1,867,660 | 10,000 |
| **Basic and Diluted Loss per share** | **(0.21)** | **(89.32)** |

**22 Contingent Liabilities and commitments**

**Contingent liabilities**

There are no liabilities of contingent nature.

**23 Capital and other commitment**

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Nil.

**24 Related party disclosures**

**A Immediate Holding Company**

First Energy Private Limited (w.e.f. June 23, 2022)

Sarjan Realities Private Limited (till June 22, 2022)

**B Ultimate Holding Company**

RDA Holding Private Limited (w.e.f. June 23, 2022)

**C Entities under common control with whom there have been transactions during the year:**

First Energy 2 Private Limited (w.e.f. June 23, 2022)

Tanti Holdings Private Limited (Till June 22, 2022)

**D Key Management Personnel:**

1 Mr. Ravi Damaraju - Director (w.e.f. June 22, 2022)
2 Mr. Mitish Somani - Director (w.e.f. June 22, 2022)
3 Sandeep Mandke - Director (w.e.f. March 27, 2023)
4 Harpreet Singh - Director ( w.e.f. June 22, 2022 till March 31, 2023)
5 Nilesh Vallabhdas Dhanani (till June 22, 2022)
6 Abhinav Singh (till June 22, 2022)

**E Relative of Key Management Personnel**

Jitendra R Tanti (till June 22, 2022)

**F Transactions with Related parties:**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **(a) Transactions during the period** | | |
| **With Immediate Holding Company** | | |
| First Energy Private Limited | | |
| -Subscription for equity shares by holding company | 244.90 | - |
| -Reimbursement of interest paid | 10.38 | - |
| -Reimbursement of expenses paid (inclusive of Reimbursement of Capital expenditure) | 836.77 | - |
| Sarjan Realities Private Limited | | |
| -Unsecured Loan Received | - | 8.70 |
| -Interest Expense | - | 0.32 |
| Entities under common control | | |
| First Energy 2 Private Limited | | |
| -Reimbursement of expenses | 1.56 | - |
| Tanti Holdings Private Limited | | |
| -Interest Expense | - | 0.69 |

**G Outstanding balances**

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Immediate Holding Company** | | |
| **First Energy Private Limited** | | |
| -Capital creditors payable | 6.25 | - |
| -Trade Payable | 7.63 | - |
| Sarjan Realities Private Limited | | |
| -Unsecured Loans | - | 5.03 |
| **Entities under common control** | | |
| First Energy 2 Private Limited | | |
| -Reimbursement of expenses payable | 1.56 | - |
| Tanti Holdings Private Limited | | |
| -Unsecured Loans | - | 9.32 |
| **Relative of Key Management Personnel:** | | |
| -Unsecured Loans | - | 2.35 |

**H Terms and conditions for outstanding balances**

All outstanding balances are unsecured, interest free except for borrowings and payable in cash. For details of interest on borrowings, refer note 10.

**25 Fair value measurements**

**Break up of financial liabilities carried at amortised cost**

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Trade payable | 14.06 | - |
| Lease liability | - | 6.40 |
| Other liabilities | 35.05 | - |
| Borrowings | 879.93 | 16.70 |
| **Total** | **929.04** | **23.10** |
| Current liabilities | 114.21 | 16.75 |
| Non current liabilities | 814.83 | 6.35 |
| **Total** | **929.04** | **23.10** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**Break-up of financial assets carried at amortised cost**

| Particulars | 2022-23 | 2021-22 |
|---|---|---|
| Trade receivables | 13.56 | - |
| Other financial assets | 15.45 | - |
| Cash and cash equivalents | 53.73 | 2.52 |
| **Total** | **82.74** | **2.52** |
| Current assets | 81.70 | 2.52 |
| Non-current assets | 1.04 | - |
| **Total** | **82.74** | **2.52** |

The management has assessed that the carrying amounts of the above financial instruments approximate their fair values.

**26 Financial risk management**

The Company's principal financial liabilities comprise 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 trade and other receivables, and cash and cash equivalents that derive directly from its operations.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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 two types of risk: interest rate risk and currency risk.

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

**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.

**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 loss before tax is affected through the impact on floating rate borrowings.

**31 March 2023** (₹ in Lakh)

| Particulars | Amount of Loan | Increase/ decrease in % | Impact on loss before tax |
|---|---|---|---|
| Variable rate borrowings | 865.52 | Increase in 50 basis point | (1.21) |
| | | Decrease in 50 basis point | 1.25 |

**b) Foreign currency risk**

Foreign exchange risk arises when future commercial transactions and relevant assets and liabilities are denominated in a currency that is not the Company's functional currency. Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company has not entered into any foreign currency transaction during the period and hence not exposed to any foreign currency risk.

**c) Price risk**

The Company's investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company is not currently exposed significantly to such risk.

**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 investing activities, including deposits with banks.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and risk of potential default based on defined credit risk parameters. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous

**Notes to financial statements for the year ended March 31, 2023**
*(All amounts in Rupees lakh, unless otherwise stated)*

group and assessed for impairment collectively. The calculation is based on losses as per historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in notes above. There is no charge of impairment to Statement of profit and loss.

**Expected credit loss for contract assets under simplified approach**

| | As at March 31, 2023 | |
|---|---|---|
| **Trade receivables** | **Gross** | **Expected loss allowance** |
| Unbilled | 13.56 | - |
| **Total** | **13.56** | **-** |

Credit risk from balances with banks and financial institutions is managed by the Parent Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**III Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations. Due to the dynamic nature of the underlying businesses, Parent Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows on a on-going basis. The Company's liquidity management policy involves projecting future cash flows and considering the level of liquid assets necessary to meet these and monitoring balance sheet liquidity ratios against internal requirements.

**Maturities of financial liabilities**

The tables below summarises the company's financial liabilities into relevant maturity profile based on contractual undiscounted payments :

**For the year ended March 31, 2023**

| Particulars | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|
| **Non- derivative** | | | | |
| Borrowings | 65.10 | 82.76 | 63.78 | 668.29 |
| Trade Payables | 14.06 | - | - | - |
| Other financial liabilities | 35.05 | - | - | - |

**For the year ended March 31, 2022**

| Particulars | < 1 year | 1 to 3 years | 3 to 5 years | > 5 years |
|---|---|---|---|---|
| **Non- derivative** | | | | |
| Borrowings | 16.70 | - | - | - |
| Lease Liabilities | 0.05 | 0.12 | 0.23 | 6.00 |

**27 Analytical ratios**

| S. No. | Particulars | Numerator | Denominator | For the year ended March 31, 2023 | For the year ended March 31, 2022 | Variance | Reasons for variance of more than 25% |
|---|---|---|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.64 | 0.15 | 337% | Refer note (i) below |
| 2 | Debt-Equity Ratio | Total Debt | Shareholders' Equity | 2.86 | (1.12) | (355)% | Refer note (i) below |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.) | Debt Service (Interest + Principal Repayments) | 1.50 | (4.59) | (133)% | Refer note (i) below |
| 4 | Return on Equity | Net Profits after taxes before exceptional items | Average* Shareholder's Equity | (0.54)% | 49.83% | (101)% | Refer note (i) below |
| 5 | Return on investment | Earning before interest and taxes | Average* Total assets | 3.19% | (106.45)% | (103)% | Refer note (i) below |
| 6 | Return on Capital employed | Earning before interest and taxes | Average* Capital Employed | 3.44% | (230.73)% | (101)% | Refer note (ii) below |
| 7 | Trade Receivables turnover Ratio | Total Sales | Average* Accounts Receivable | 2.87 | Not applicable | Not applicable | Refer note (ii) below |
| 8 | Trade payables turnover Ratio | Net Credit Purchases | Average Trade Payables | 1.56 | Not applicable | Not applicable | Refer note (ii) below |
| 9 | Net capital turnover Ratio | Total Sales | Average Working Capital | (0.81) | Not applicable | Not applicable | Refer note (ii) below |
| 10 | Net Profit Ratio | Net Profits after taxes before exceptional items | Revenue | (0.10) | Not applicable | Not applicable | Refer note (ii) below |

Working Capital = Current assets less Current liabilities

Capital employed = Tangible Net worth + total debt

*Average = ((Opening + Closing) / 2)

Note:

(i) Considering the the Company has started its operations during the year, there is significant transactions incurred during the period resulting in increase in borrowings, payables, equity capital, cash and cash equivalents, other assets and liabilities, consequently, resulting in significant variance as compared to previous year.

*(All amounts in Rupees lakh, unless otherwise stated)*

(ii) As no sales during the previous year, sales and purchases were NIL. Thus, previous year ratios are not calculated wherever Sales and purchases amounts are considered for calculation.

**28 Capital Management**

The Company's objective for capital management is to maximise long term shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through borrowings, equity and operating cash flows generated. Capital represents equity attributable to equity holders of the Company.

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Borrowings | 879.93 | 16.70 |
| Lease liabilities | - | 6.40 |
| Less: Cash and cash equivalents (includes other bank balances) | 53.73 | 2.52 |
| **Net debt** | **826.20** | **20.58** |
| **Equity** | 308.11 | (14.92) |
| **Net Debt to Equity** | **2.68** | **(1.38)** |

**Loan Covenants**

The Borrower shall, during the entire tenor of the Facility, ensure that:

(i) Debt to Equity ratio of 3:1 is maintained;

(ii) DSCR of 1.10x is maintained; and

(iii) Debt to Tangible net worth is less than or equal to 3:1

The company has complied with the applicable covenants throughout the reporting period

**29 Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006**

Dues to small-scale industrial undertakings have been worked out on the basis of information available with the Management.

| Sr. No | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| a) | Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (Refer note 12) | 0.43 | - |
| b) | Interest due to suppliers registered under the MSMED Act for the year and remaining unpaid as at year end | - | - |
| c) | Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| d) | Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| e) | Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| f) | Further Interest remaining due and payable for earlier years | - | - |

**30 Segment reporting**

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company's business viz "Producer of power through renewable energy source". Hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

**31 Other Statutory Information**

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the current or previous year.

(iv) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(v) The Company has not been declared willful defaulter by any bank or financial institution or other lender.

(vi) The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(vii) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(viii) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**32** Previous year's figures have been regrouped/reclassified where necessary to confirm to this years classification.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

**Amit Borkar**
Partner
Membership No. 109846

Place: Pune
Date: May 11, 2023

**For and on behalf of the Board of Directors of Kanakal Wind Energy Private Limited**

**Mitish Somani**
Director
DIN : 01853530

**Ravi Damaraju**
Director
DIN : 09554649

Place: Pune
Date: May 9, 2023

For the convenience of the readers of this compilation, the audited financial statements of overseas subsidiaries prepared in local currencies, equivalent rupee amounts have also been additionally stated converted at the exchange rates as on March 31, 2023.

# THERMAX EUROPE LIMITED

| ***Board of Directors*** | ***Secretary*** | ***Registered Office*** |
|---|---|---|
| Venkatesh Balasubramanian<br>Sandeep S Mandke | Connolly Accounts &<br>Business Advisors Ltd. | The Stable Yard<br>Vicarage Road<br>Stony Stratford<br>Milton Keynes<br>Buckinghamshire<br>MK11 1BN |
| ***Bankers*** | ***Auditors*** | |
| HSBC Bank Plc<br>60 Queen Victoria Street<br>London<br>EC4N 4TR | CED Accountancy Services Ltd<br>1 Lucas Bridge Business Park<br>Old Greens Norton Road<br>Towcester<br>Northamptonshire<br>NN12 8AX | |

**Strategic Report**

**FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their strategic report for the year ended 31 March 2023.

**REVIEW OF BUSINESS**

The performance for the financial year 22-23 has been down due to continuously changing economic conditions and shortage of fuels in Europe. Particularly the inflow on new contracts is affected. The order booking for the year stands at £ 5.63 Million, 10% lower than budgeted.

The year closed with a turnover of £6.11 Million (previous year £ 5.32 Million). The pre-tax profit stands at £301,710 (previous year £28,256).

The Chiller business continues to be driven by on-site power generation market in Italy, Germany, Spain and UK. The Heat Pump business is driven by the district heating sector and the commitment made by some of the European countries to reduce their dependency on fossil fuel and increase energy efficiencies.

The highlights of the year are a large Heat pump orders from Denmark and Poland and chiller orders form a large UK confectionary company.

The Service & spare parts business has exceeded our expectation due to large orders for spare parts.

The outlook for 2023-24 will be on lower side due to lack of new gas contracts for new on-site power generators on which the chiller business is dependent on. The substantial increase in gas prices for existing installation have rendered some of the sites shut off temporarily effecting our spares and service business. The focus however will remain on Germany, Italy, Poland and Scandinavia.

However, this may be short term crisis & we are hopeful for improvement in situation from FY 24-25 onwards. The infrastructure for supply of Liquified Natural Gas (LNG) to Europe is under construction, the gas terminals will be operational soon. We expect fuel availability situation to improve before coming winter. After that, market is expected to bounce back heavily and create good business opportunities.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The core business of Thermax Europe Ltd is the sales and service of Absorption chillers and heat pumps, manufactured by our parent company Thermax Ltd. Near term risk to the business comes from other competitors from the Far East, who could drive down the prices affecting the company's bottom line and sales. The recent strides taken by renewable energy sector will be a long-term threat to businesses that directly or indirectly deal with equipment supply that rely on fossil fuel. The chillers and heat pumps of the company markets falls in this category.

However, renewable energy resources have limitations, it may feed the requirement of energy up to 20% of the total need of Europe, looking at the limitations of wind and solar energy in European continent. Dependence on fossil fuel will run for next few decades. Energy cost may have an upward trend, hence increased efficiency will be the need of an hour. Thermax has an expertise in absorption technology of industrial waste heat recovery solutions and is continuously working on development of efficient products. This will help Thermax to sustain the business in long run and provide edge over the other players in the market.

On financial management, the company has established a risk management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to ensure sufficient working capital exists.

**SECTION 172(1) STATEMENT**

Directors confirm that, during the year, they continued to promote the success of the Company for the benefit of all stakeholders. In doing so, the Board's desire to act fairly for its sole member, maintain a reputation for high standards of business conduct, and consider the long-term consequences of the decisions they take, have underpinned the way it operates.

**EXPOSURE TO PRICE, CREDIT, LIQUIDITY AND CASH FLOW RISK**

Cash flow risk is the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company finances its operations with cash and working capital items such as trade debtors and trade creditors that arise directly from its operations.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and credit facilities.

Credit risk is the risk that one party to financial instruments will cause a financial loss for that other party failing to discharge an obligation. The policy is aimed at minimising such losses and requires that the deferred terms are granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. The director sets working capital targets including debtor days. Outstanding balances are reviewed by staff on a regular basis, in conjunction with debt ageing, and the Company operates a robust collection procedure.

**NON-FINANCIAL INFORMATION**

The company is a buy and sell company catering to European market for Absorption chillers and heat pumps. All chillers and heat pumps are manufactured by the parent company in India. The business strategy involves working with appointed distributors across continental Europe and key relationship with large contractors. In the UK the business model is working with HVAC contractors. The company also has a revenue stream from sales of spare parts and service support.

As global emissions are reaching an alarming level, and in view of countries adopting the net-zero pledge, making a shift to renewable sources of energy is inevitable. Thermax, being at the leading edge of technology and business practices, is focussed on creating a mark in the evolving sphere of energy transition. As a clean air, clean energy and clean water company, we realise how significant our role is in promoting sustainable development. The sustainable solutions we develop for our customers are environment-friendly and enable efficient deployment of energy and water resources. We are committed to creating greener products and manufacturing sustainably by way of resource conservation and energy efficiency.

Whether it is through our processes, products or premises, we are making a conscious effort every single day and empowering ourselves towards environment conservation and preserving the nature. We remain focussed on sustainable energy and environmental solutions. Sustainability has been inculcated in every process. A keen focus on sustainable technologies helps reduce operating costs and increase our operational efficiencies. Adequate measures are being taken to ensure our manufacturing operations make judicious use of the natural resources. Through 'Thermax Cares', the group companies are inculcating environmental consciousness into the organizational culture. We have undertaken various initiatives to encourage employees and their families to contribute to reducing the earth's carbon and water footprint.

Our people are at the core of our long-term success. At Thermax, we understand the importance of motivated employees in achieving our goals of creating high-quality products and providing efficient customer service. We constantly strive to become more inclusive and create an enabling work environment - one that nurtures a healthy organisation, encourages continuous learning, and ensures a safe workplace. Thermax Group remains steadfastly focussed on nurturing a healthy organisation and a capable workforce, with an inclusive approach to its resources and human rights. We provide necessary growth opportunities to have an engaged and committed workforce to drive the organisation towards growth. Thermax offers a wide range of programmes for high-potential employees and well-established leadership trainings, ensuring benefits of all initiatives are maximised. Additional learning and development initiatives included coaching programmes held by externally certified consultants.

Being a customer-centric company, our constant endeavour is to maximise our social impact by being more responsive and solution-focussed. As we work towards a better tomorrow, maintaining enduring relationships with all our stakeholders is integral to us. We strive to understand the needs of all our stakeholders, create synergies between them and drive change in the purview of their needs and wants. Our holistic community development approach is aimed at bringing about transformation in people's lives, and in the process, moving towards a better tomorrow and promoting sustainable growth.

Thermax believes in following, in letter and spirit, high standards of corporate governance so that the Company's performance will have a positive impact on its stakeholders - customers, shareholders, employees, vendor partners and business associates, larger community and governments of countries where it operates. It upholds the core tenets of corporate governance for sustained growth and financial performance. In order to enhance and retain the trust of its stakeholders, your Company is committed to ethical business conduct, integrity and commitment to values, transparency and accountability, essential features of effective corporate governance.

The company has a strong culture and elaborate processes to reduce the risk of unethical conduct, including a clear code of conduct and whistle blower policy. The Company is committed to operating its businesses with integrity and adopting governance policies that promote the thoughtful and independent representation of its stakeholders' interests.

The company adheres to all applicable local and international laws including social, human rights, anti-corruption, health & safety, environmental and employment laws. The subsidiary is advised by the parent company on some of these matters and others through local external consultants.

**FOREIGN CURRENCY RISK**

The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

**ON BEHALF OF THE BOARD:**

**Sandeep S Mandke**

Director

Date: 5 May 2023

## Report of the Directors

**FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the sale and service of absorption chillers.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2023.

**DIRECTORS**

The directors set out in the list below have held office during the whole of the period from 1 April 2022 to the date of this report.

The directors shown below were in office at 31 March 2023 but did not hold any interest in the Ordinary shares of £1 each at 1 April 2022 or 31 March 2023.

Venkatesh Balasubramanian

Sandeep S Mandke

**STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS**

Details of the group's corporation governance arrangements can be found on Thermax Limited's website.

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with the Companies Act 2006, s 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch 7 to be contained in the directors' report. It has done so in respect of:

- Business model
- Review of business
- Principal risks and uncertainties
- Section 172(1) Statement
- Exposure to price, credit, liquidity and cash flow risk
- Likely future developments in the business

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

**Sandeep S Mandke**

Director

Date: 5 May 2023

## Directors' Responsibilities Statement

**FOR THE YEAR ENDED 31 MARCH 2022**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**Report of the Independent Auditors to the Members of Thermax Europe Limited**

**Opinion**

We have audited the financial statements of Thermax Europe Limited (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Directors' Responsibilities Statement, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page seven, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

The engagement partner ensured that the engagement team had the appropriate competence, capabilities and skills to identify or recognise non compliance with applicable laws and regulations;

We identified the laws and regulations applicable to the company through discussions with directors and other management;

We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment environmental and health and safety legislation;

We assessed the extent of compliance with the laws and regulations identified above;

We communicated identified laws and regulations within the audit team who remained alert to instances of non-compliance.

We assessed the susceptibility of the company's financial statements to material misstatement including obtaining an understanding of how fraud might occur, by;

- making enquiries of management as to whether they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

- understanding the design of the company's remuneration policies.

- requesting confirmation of opening balances and carrying out further audit procedures as required.

To address the risk of fraud through management bias and override of controls, we;

- performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;

In response to the risk of non-compliance with laws and regulations, we designed procedures which included, but were not limited to;

- agreeing financial statement disclosures to underlying supporting documentation;

- enquiring of management as to actual and potential litigation and claims; and

- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Duncan J E Mitchell FCA (Senior Statutory Auditor)
for and on behalf of CED Accountancy Services Ltd
1 Lucas Bridge Business Park
Old Greens Norton Road
Towcester
Northamptonshire
NN12 8AX

Date: 5 May 2023

## Income Statment
## For the year ended March 31, 2023

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | £ | Rs Lacs | £ | Rs Lacs |
| **Revenue** | 4 | **6,113,102** | **6,194.66** | 5,319,991 | 5,295.08 |
| Cost of sales | | **5,235,957** | **5,305.81** | 4,417,487 | 4,396.80 |
| **Gross profit** | | **877,145** | **888.85** | 902,504 | 898.28 |
| Administrative expenses | | **629,706** | **638.11** | 889,669 | 885.50 |
| **Operating profit** | 6 | **247,439** | **250.74** | 12,835 | 12.77 |
| Interest receivable and similar income | | **54,271** | **55.00** | 15,421 | 15.35 |
| | | **301,710** | **305.74** | 28,256 | 28.12 |
| Profit before taxation | | **301,710** | **305.74** | 28,256 | 28.12 |
| **Tax on Profit** | 8 | **57,559** | **58.33** | 5,322 | 5.30 |
| **PROFIT FOR THE FINANCIAL YEAR** | | **244,151** | **247.41** | 22,934 | 22.83 |

The notes form part of these financial statements

Exchange rate : as at 31 March 2023 is £= Rs 101.33

Exchange rate : as at 31 March 2022 is £= Rs 99.53

## Balance Sheet as at 31 March 2023

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | £ | Rs Lacs | £ | Rs Lacs |
| **Fixed assets** | | | | | |
| Property, Plant and Equipment | 9 | **7,762** | **7.87** | 7,088 | 7.05 |
| **Current assets** | | | | | |
| Inventories | 10 | **1,145,246** | **1,160.52** | 806,965 | 803.19 |
| Debtors | 11 | **4,617,753** | **4,679.36** | 6,119,817 | 6,091.16 |
| Cash at bank and in hand | | **2,756,389** | **2,793.16** | 829,193 | 825.31 |
| | | **8,519,388** | **8,633.04** | 7,755,975 | 7,719.65 |
| **Creditors:** | | | | | |
| Amounts falling due within one year | 12 | **(1,934,490)** | **(1,960.30)** | (1,415,148) | (1,408.52) |
| **Net current assets** | | **6,584,898** | **6,672.75** | 6,340,827 | 6,311.13 |
| **Total assets less current liabilities** | | **6,592,660** | **6,680.61** | 6,347,915 | 6,318.19 |
| **Provision for liabilities** | 15 | **1,941** | **1.97** | 1,347 | 1.34 |
| **Net Assets** | | **6,590,719** | **6,678.65** | 6,346,568 | 6,316.85 |
| **Capital and reserves** | | | | | |
| Called up share capital | 16 | **200,000** | **202.67** | 200,000 | 199.06 |
| Retained Earnings | 17 | **6,390,719** | **6,475.98** | 6,146,568 | 6,117.78 |
| **Shareholders' funds** | | **6,590,719** | **6,678.65** | 6,346,568 | 6,316.85 |

The financial statements were approved by the Board of Directors on 5 May, 2023 and were signed on its behalf by:

**Sandeep Mandke**

Director

## Cash Flow Statement for the year ended 31 March 2023

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | £ | Rs Lacs | £ | Rs Lacs |
| **Cash flow from operating activities** | | | | | |
| Cash generated from operations | 1 | **1,901,319** | **1,926.68** | (3,276,778) | (3,261.43) |
| Tax Paid | | **(22,975)** | **(23.28)** | (77,203) | (76.84) |
| **Net cash from operating activities** | | **1,878,344** | **1,903.40** | (3,353,981) | (3,338.27) |
| **Cash flow from investing activities** | | | | | |
| Purchase of tangible fixed asset | | **(5,419)** | **(5.49)** | (2,412) | (2.40) |
| Interest received | | **-** | **-** | 15,421 | 15.35 |
| Sale of tangible fixed assets | | **54,271** | **55.00** | 1,272 | 1.27 |
| **Net cash from investing activities** | | **48,852** | **49.50** | 14,281 | 14.21 |
| **(Decrease)/Increase in cash and cash equivalents** | | **1,927,196** | **1,952.91** | (3,339,700) | (3,324.06) |
| Cash and cash equivalents at the beginning of the year | 2 | **829,193** | **840.26** | 4,168,893 | 4,149.37 |
| **Cash and cash equivalents at the end of the year** | 2 | **2,756,389** | **2,793.16** | 829,193 | 825.31 |

## Other Comprehensive Income for the year ended 31 March 2022

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | £ | Rs Lacs | £ | Rs Lacs |
| **Profit for the Year** | | **244,151** | **247.41** | 22,934 | 22.83 |
| Other Comprehensive Income | | **-** | **-** | - | - |
| **Total Comprehensive Income For The Year** | | **244,151** | **247.41** | 22,934 | 22.83 |

## Statement of Changes in Equity For the Year Ended March 31, 2023

| Particulars | Capital | | Accumulated Profit | | Total Equity | |
|---|---|---|---|---|---|---|
| | £ | Rs Lacs | £ | Rs Lacs | £ | Rs Lacs |
| Balance at 1 April 2021 | 200,000 | 202.67 | 6,123,634 | 6,205.33 | 6,323,634 | 6,408.00 |
| Change in Equity: | | | | | | |
| Total comprhensive income | - | - | 22,934 | 23.24 | 22,934 | 23.24 |
| Balance at 31 March 2022 | 200,000 | 202.67 | 6,146,568 | 6,228.57 | 6,346,568 | 6,431.24 |
| Changes in Equity: | | | | | | |
| Total comprhensive income | **-** | **-** | **244,151** | **247.41** | **244,151** | **247.41** |
| Balance at 31 March 2023 | **200,000** | **202.67** | **6,390,719** | **6,475.98** | **6,590,719** | **6,678.65** |

# THERMAX EUROPE LIMITED

## Notes to the Cash Flow Statement
## For the year ended 31 March 2023

### 1. Reconciliation of profit before taxation to cash generated from operations

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Profit before taxation | **301,710** | 28,256 |
| Depreciation charges | **4,520** | 4,598 |
| Loss on disposal of fixed assets | **-** | 95 |
| Finance income | **(54,271)** | (15,421) |
| | **251,959** | 17,528 |
| Increase in inventories | **(338,281)** | (304,275) |
| Decrease/(increase) in trade and other debtors | **1,974,065** | (3,254,411) |
| Increase in trade and other creditors | **13,576** | 264,380 |
| **Cash generated from operations** | **1,901,319** | (3,276,778) |

### 2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2023**

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | **2,756,389** | 829,193 |

**Year ended 31 March 2022**

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Cash and cash equivalents | **829,193** | 4,168,893 |

### 3. Analysis of changes in net funds

| | At 1.4.22 | Cash flow | At 31.3.23 |
|---|---|---|---|
| | £ | £ | £ |
| **Net cash** | | | |
| Cash at bank and in hand | 829,193 | 1,927,196 | **2,756,389** |
| | 829,193 | 1,927,196 | **2,756,389** |
| **Total** | 829,193 | 1,927,196 | **2,756,389** |

## Notes to Financial Statement
## For the year ended 31 March 2023

### 1. STATUTORY INFORMATION

Thermax Europe Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

### 2. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A.
- Section 33 'Related Party Disclosures': Compensation for key management personnel

The financial statements of the company are consolidated in the financial statements of Thermax Limited. These consolidated financial statements are available from its registered office Thermax House, 14 Mumbai Pune Road, Wakdewadi, Pune 411 003 India.

**Turnover**

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant & machinery - 20% on cost

Fixtures and fittings - 20% on cost

Computer equipment - 33.33% on cost

**Stocks**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Financial instruments**

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provision of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic Financial Assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised costs using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is a contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Basic financial liabilities**

Basic financial liabilities, including creditors and loans from related companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised costs, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

Stock: The Company makes a periodic estimation of any possible impairment to stock taking into account a number of factors including: its commercial value in the current market; signs of significant or irreparable damage; and any potential items considered to be worth less than cost or deemed worthless. When assessing the carrying value of the stock, these factors are taken into consideration.

Debtors: The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the potential impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and the historical experience of the relationship with that debtor. Please also refer to 11 for the net carrying amount of the debtors and any associated impairment provision.

Creditors : Provision is made for commissioning costs of units fully invoiced but not yet commissioned. This requires management's best estimate of the expenditure that will be incurred based on contractual requirements. Management consider factors including the complexity of the machines and the estimated hours that would be required to fulfil the contract.

**4. REVENUE**

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| United Kingdom | **1,268,213** | 444,476 |
| Europe | **4,597,740** | 4,601,214 |
| Jordan | **247,149** | 274,301 |
| | **6,113,102** | 5,319,991 |

**5. EMPLOYEES AND DIRECTORS**

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Wages and salaries | **317,718** | 268,579 |
| Social security costs | **33,639** | 28,730 |
| Other pension costs | **14,746** | 15,134 |
| | **366,103** | 312,443 |

The average number of employees during the year was as follows:

| | **2023** | 2023 |
|---|---|---|
| Director | **2** | 2 |
| Admin | **6** | 7 |
| | **8** | 9 |

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Directors' remuneration | **-** | - |

## Notes to Financial Statements March 31, 2023

### 6. OPERATING PROFIT

The operating profit is stated after charging:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Other operating leases | 13,519 | 12,572 |
| Depreciation - owned assets | 4,745 | 4,377 |
| Loss on disposal of fixed assets | - | 95 |
| Foreign exchange differences | (200,124) | 100,556 |

### 7. AUDITORS' REMUNERATION

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| CED Accountancy Services Limited (annual statutory audit) | 8,400 | - |
| Jeffcotes LLP/Candour Advisory LLP (quarterly group audit) | 1,475 | 12,825 |
| EY India (quarterly group audit) | 15,708 | - |
| | 25,583 | 12,825 |

### 8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 56,965 | 5,955 |
| Deferred tax | 594 | (633) |
| Tax on profit | 57,559 | 5,322 |

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Profit before tax | 301,710 | 28,256 |
| Profit multiplied by the standard rate of corporation tax in the UK of (2022 - 19%) | 57,325 | 5,369 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 64 | 111 |
| Capital allowances in excess of depreciation Depreciation in excess of capital allowances | (424) | (475) |
| Depreciation in excess of capital allowances | - | (633) |
| Deferred tax | 594 | 1214 |
| Total tax charge | 57,559 | 5,322 |

### 9. PROPERTY, PLANT AND EQUIPMENT

| | Plant & machinery | Fixtures and fittings | Computer equipment | Totals |
|---|---|---|---|---|
| | | | £ | £ |
| **COST** | | | | |
| At 31 March 2022 | 1,717 | 7,519 | 8,754 | 17,990 |
| Additions | - | 2,350 | 3,069 | 5,419 |
| At 31 March 2023 | 1,717 | 9,869 | 11,823 | 23,409 |
| **DEPRECIATION** | | | | |
| At 1 April 2022 | 879 | 3,437 | 6,586 | 10,902 |
| Charge for year | 292 | 1,805 | 2,648 | 4,745 |
| At 31 March 2024 | 1,171 | 5,242 | 9,234 | 15,647 |
| **NET BOOK VALUE** | | | | |
| At 31 March 2023 | 546 | 4,627 | 2,589 | 7,762 |
| At 31 March 2022 | 838 | 4,082 | 2,168 | 7,088 |

### 10. INVENTORIES

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Stocks and consumables | 1,145,246 | 806,965 |

Stock has been impaired by £62,788 (2022: £61,812) due to obsolescence.

### 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2023 | 2022 |
|---|---|---|
| | £ | £ |
| Trade debtors | 1,572,308 | 3,215,606 |
| Amounts owed by group undertakings | 12,686 | 76,642 |
| Loans & Advances to Associates | 2,631,579 | 2,542,373 |
| Other Debtors | 383,507 | 237,940 |
| Tax | 3,319 | 37,309 |
| VAT | 5,141 | - |
| Prepayments | 9,213 | 9,947 |
| | 4,617,753 | 6,119,817 |

An amount of £805,845 (2022 - £778,528) included in trade debtors is currently in dispute. The customer is challenging the product performance and warranty assurance. The company's parent company has agreed to underwrite any loss to the company, that could arise from non-payment of the receivable amount, and as such the directors consider that no provision is required against the balance owing.

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 | 2021 |
|---|---|---|
| | £ | £ |
| Trade creditors | 25,464 | 82,369 |
| Amounts owed to group undertakings | 1,210,095 | 704,329 |
| Social security and other taxes | 10,434 | 9,461 |
| VAT | - | 6,773 |
| Customer advance payments | 457,762 | 488,613 |
| Accrued expenses | 230,735 | 123,603 |
| | 1,934,490 | 1,415,148 |

## Notes to Financial Statements March 31, 2023

### 13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Within one year | **17,907** | 24,031 |
| Between one and five years | **9,148** | 13,643 |
| | **27,055** | 37,674 |

### 14. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instruments is as follows:

**Financial instruments that are debt instruments measured at amortised cost**

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Financial instruments that are debt instruments measured at amortised cost | **4,216,573** | 5,834,622 |

**Financial liabilities measured at amortised cost**

**Financial instruments that are debt instruments measured at amortised cost**

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Financial liabilities measured at amortised cost | **1,235,558** | 786,699 |

### 15. PROVISIONS FOR LIABILITIES

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Deferred tax | **1,941** | 1,347 |

| | **Deferred tax** |
|---|---|
| | **£** |
| Balance at 1 April 2022 | **1,347** |
| Utilised during year | **594** |
| Balance at 31 March 2023 | **1,941** |

Carrying value of each category of financial instruments is as follows:

### 16. CALLED UP SHARE CAPITAL

**Allotted, issued and fully paid:**

| **Number:** | **Class:** | **Nominal value:** | **2023** | 2022 |
|---|---|---|---|---|
| 200,000 | Ordinary | £1 | **200,000** | 200,000 |

### 17. RESERVES

| | **Retaining earnings** |
|---|---|
| | **£** |
| At 1 April 2022 | **6,146,568** |
| Profit for the year | **244,151** |
| At 31 March 2022 | **6,390,719** |

### 18. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The amount recognised in the profit or loss as an expense in relation to the defined contribution plan was £14,746 (2022: £15,134)

Contributions totalling £1,729 (2022: £1,606) were payable to the fund at the balance sheet date and are included in creditors.

### 19. RELATED PARTY DISCLOSURES

Thermax Limited owns 100% of the shares in Thermax Europe Limited.

During the year Thermax Europe Limited were reimbursed expenses incurred amounting to £73,973 (2022:£83,081) from Thermax Limited.

During the year Thermax Europe Limited made sales amounting to £64,456 (2022: £98,223) to Danstoker A/S.

Purchases were made in the year from Thermax Limited of £4,530,399 (2022: £4,095,577), Danstoker A/S £Nil (2022: £4,103), and Rifox-Hans Richter Gmbh £198,241 (2022: £202,996).

At 31/03/2023 Thermax Europe Limited was owed £12,686 (2022: £75,837) from Thermax Limited, and £Nil (2022: £805) from Danstoker A/S.

Thermax Europe Limited also owed £1,200,539 (2022: £704,329) to Thermax Limited, £Nil (2022: £Nil) to Danstoker A/S.

On 26th August 2021 a loan of 3,000,000 Euros (£2,586,207) was made to Danstoker A/S at an interest rate of EURIBOR plus 1%. No repayments have been made against this loan during the financial year. The closing balance as at 31/03/2023 owed to Thermax Europe Limited was 3,000,000 Euros (£2,631,579) (2022: 3,000,000 Euro, £2,542,373).

### 20. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is RDA Holdings Private Limited, a company incorporated in India.

The immediate parent company is Thermax Limited, a company incorporated in India.

# THERMAX INTERNATIONAL LIMITED

### *Board of Directors*

Mr Pheroz Pudumjee
(Date appointed : 21-Feb-00; Date resigned : 12-Jan-15)
Mrs Meher Pudumjee
(Date appointed : 21-Jul-00; Date resigned : 12-Jan-15)
Mr Yuvraj Thacoor
(Date appointed : 15-May-03; Date resigned : 23-Jan-15)
Mr A. Sattar Hajee Abdoula
(Date appointed : 04-Jan-08; Date resigned : 23-Jan-15)
Mr Gajanan Kulkarni
(Date appointed : 12-Jan-15; Date resigned : 21-Dec-15)
Mr Amit Govind Atre
(Date appointed : 15-Mar-16; Date resigned : 12-Jan-17)
Mr Amitabha Mukhopadhyay
(Date appointed : 12-Jan-15; Date resigned : 31-May-19)
Mr Shailesh Bhalchandra Nadkarni
(Date appointed : 12-May-17; Date resigned : 24-Sept-19)
Ms Farhana Alimohamed
(Date appointed : 23-Jan-15)
Mr Nundan Sharma Doorgakant
(Date appointed : 23-Jan-15)
Mr Rajendran Arunachalam
(Date appointed : 22-Aug-19: Date resigned : 22-Sep-22)
Mr. Sandeep Madke
(Date appointed : 22-Sep-22)

### *Registered Office*

C/o Anex Management Services Ltd
8th Floor, Ebene Tower
52, Cybercity
Ebene
Mauritius

### *Auditors*

Yousouf Peerbaye, F.C.A
Chartered Accountants
6th Floor, Richard House
Remy Ollier Street, Port Louis
Republic of Mauritius

### *Administrator & Company Secretary*

Anex Management Services Ltd
8th Floor, Ebene Tower
52, Cybercity
Ebene
Mauritius

### *Bankers*

HSBC Bank (Mauritius) Ltd
HSBC Centre
18, Cyber City, Ebene,
Republic of Mauritius

**Commentary of the directors**

The directors have the pleasure to submit their commentary to the directors together with the audited financial statements of Thermax International Limited, (the "Company"), for the year ended 31 March 2023.

**Principal activity**

The principal activity of the Company is that of investment holding and investing in the sectors involved in the manufacturing and supplying of industrial equipment based in Energy and environmental management.

**Results and dividends**

Details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

The directors do not recommend the payment of a dividend for the period under review.

**Directors**

The present membership of the Board is set out on page 2.

**Directors' responsibilities with respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**

The auditor, Yousouf Peerbaye, has indicated his willingness to continue in office and a resolution concerning his re-appointment will be proposed at the Annual Meeting of the shareholder.

**Certificate from the secretary**

We certify that, to the best of our knowledge and belief, THERMAX INTERNATIONAL LIMITED, (the "Company"), has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001 in terms of Section 166(d) for the year ended 31 March 2023.

**for Anex Management Services Ltd**

Corporate Secretary

Date: 09 May 2023

## Independent auditors' report

**To the member of THERMAX INTERNATIONAL LIMITED**

**Report on the audit of the Financial Statements**

**Opinion**

We have audited the financial statements of THERMAX INTERNATIONAL LIMITED, (the "Company"), which comprise of the statement of financial position at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements on pages 8 to 25 give a true and fair view of the financial position of the Company 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Category 1 Global Business Licence and comply with the Mauritius Companies Act 2001.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information other than the Financial Statements and Auditors' Report Thereon ("Other Information")**

The directors are responsible for the other information. The other information comprises the Directors' Report, the Certificate from the Secretary and the Statement of Profit or Loss and Other Comprehensive Income as required by the Mauritius Companies Act 2001 of Mauritius, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and comply with the requirements or the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditors' 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 ISAs 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Auditors' Responsibilities for the audit of the Financial Statements**

We communicate with the directors 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.

**Report on Other Legal and Regulatory Requirements**

**In accordance with the requirements of Mauritius Companies Act 2001, we report as follows**

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;

- we have obtained all the information and explanations we have required; and

- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**Yousouf Peerbaye, F.C.A**
Chartered Accountant
Port Louis, Mauritius

Date: 09 May 2023

# THERMAX INTERNATIONAL LIMITED

## Statement of Financial Position
## As at 31 March 2023

| | Note | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | USD | Rs Lacs | USD | Rs Lacs |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Investments | 6 | **900,498** | **739.89** | 900,498 | 682.46 |
| | | **900,498** | **739.89** | 900,498 | 682.46 |
| **Current assets** | | | | | |
| Trade & other receivables | | **2,195** | **1.80** | 1,633 | 1.24 |
| Cash and cash equivalent | 7 | **354,242** | **291.06** | 433,334 | 328.41 |
| Other receivables | 8 | **322** | **0.26** | 322 | 0.24 |
| | | **356,759** | **293.13** | 435,289 | 329.89 |
| **Total assets** | | **1,257,257** | **1,033.03** | **1,335,787** | **1,012.36** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| Stated Capital | 9 | **3,442,300** | **2,828.37** | 3,442,300 | 2,608.83 |
| Accumulated losses | | **(2,635,918)** | **(2,165.80)** | (2,612,188) | (1,979.71) |
| | | **806,382** | **662.56** | 830,112 | 629.12 |
| **Current liabilities** | | | | | |
| Trade and other payable | 10 | **1,200** | **0.99** | 5,675 | 4.30 |
| Accruals | 10 | **449,675** | **369.48** | 500,000 | 378.94 |
| | | **450,875** | **370.46** | 505,675 | 383.24 |
| **Total equity and liabilities** | | **1,257,257** | **1,033.03** | 1,335,787 | 1,012.36 |

Approved by the Board of Directors on 9th May 2023 and signed on its behalf by:

**Farhana Alimohamed**
Director

**Nundan Sharma Doorgakant**
Director

The notes on page 12 to 24 form an integral part of these financial statements.

## Statement of Profit and Loss and Other Comprehensive Income
## For the Year Ended 31 March 2023

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | USD | Rs Lacs | USD | Rs Lacs |
| **INCOME** | | | | |
| Interest | **3,769** | **3.10** | 33 | 0.03 |
| | **3,769** | **3.10** | 33 | 0.03 |
| **EXPENSES** | | | | |
| Licence Fees | **2,722** | **2.24** | 2,860 | 2.17 |
| Bank charges | **3,340** | **2.74** | 3,405 | 2.58 |
| Audit Fees | **2,150** | **1.77** | 2,000 | 1.52 |
| Accountancy Fees | **3,175** | **2.61** | 2,675 | 2.03 |
| Professional Fees | **10,275** | **8.44** | 8,404 | 6.37 |
| Taxation Fees | **1,400** | **1.15** | 1,000 | 0.76 |
| Other expense | **4,436** | **3.64** | - | - |
| | **27,498** | **22.59** | 20,344 | 15.42 |
| (Loss) / Profit before taxation | **(23,729)** | **(19.50)** | (20,311) | (15.39) |
| Taxation | **-** | **-** | - | - |
| Profit / (Loss) for the year | **(23,729)** | **(19.50)** | (20,311) | (15.39) |
| **Other Comprehensive Income:** | | | | |
| Items that will not be reclassified subsequently to profit & loss | **-** | **-** | - | - |
| Items that will be reclassified subsequently to profit & loss | **-** | **-** | - | - |
| **Other comprehensive income for the year, net of tax** | **-** | **-** | - | - |
| **Total comprehensive income for the year** | **(23,729)** | **(19.50)** | (20,311) | (15.39) |

Exchange Rate : as at 31 March 2023 is 1 US $ = Rs 82.16

Exchange Rate : as at 31 March 2022 is 1 US $ = Rs 75.79

The notes on page 12 to 24 form an integral part of these financial statements.

## Statement of Changes in Equity
## For the Year Ended 31 March 2023

| | Stated Capital | | Accumulated Losses | | Total | |
|---|---|---|---|---|---|---|
| | USD | Rs Lacs | USD | Rs Lacs | USD | Rs Lacs |
| Balances at 1st April 2021 | 3,442,300 | 2,828.37 | (2,591,877) | (2,129.62) | 850,423 | 698.75 |
| Loss for the year | - | - | (20,311) | (16.69) | (20,311) | (16.69) |
| Balances as at 31st March 2022 | 3,442,300 | 2,828.37 | (2,612,188) | (2,146.30) | 830,112 | 682.06 |
| **Balances at 1st April 2022** | **3,442,300** | **2,828.37** | **(2,612,188)** | **(2,146.30)** | **830,112** | **682.06** |
| **Loss for the year** | **-** | **-** | **(23,729)** | **(19.50)** | **(23,729)** | **(19.50)** |
| **Balances as at 31st March 2023** | **3,442,300** | **2,828.37** | **(2,635,917)** | **(2,165.80)** | **806,383** | **662.56** |

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | USD | Rs Lacs | USD | Rs Lacs |
| **Cash flows from operating activities** | | | | |
| (Loss)/Profit for the year | **(23,729)** | **(19.50)** | (20,311) | (15.39) |
| Change in working capital | | | | |
| Increase/ decrease in receivables and prepayments | **(562)** | **(0.46)** | (323) | (0.24) |
| (Increase)/ Decrease in accounts payables | **(54,800)** | **(45.03)** | - | - |
| **Net cash from operating activities** | **(79,091)** | **(64.99)** | (20,634) | (15.64) |
| **Cash flows from investing activities** | | | | |
| Investment in subsidiary | **-** | **-** | (261,450) | (198.15) |
| Net cash outflow from investing activities | **-** | **-** | (261,450) | (198.15) |
| **Net Increase/(Decrease) in cash and cash equivalents** | **(79,091)** | **(64.99)** | (282,084) | (213.78) |
| **Cash and cash equivalents at beginning of the year** | **433,334** | **356.05** | 715,418 | 542.20 |
| **Cash and cash equivalents at end of year** | **354,243** | **291.06** | 433,334 | 328.41 |
| **Cash and cash equivalents made up of:** | | | | |
| Cash in hand | **67** | **0.06** | 67 | 0.05 |
| Bank balance | **354,176** | **291.01** | 433,267 | 328.36 |
| | **354,243** | **291.06** | 433,334 | 328.41 |

The notes on page 12 to 24 form an integral part of these financial statements.

## Notes to the financial statements
## For the year 31 March 2023

**Corporate information**

THERMAX INTERNATIONAL LIMITED (the "Company"), is a private company with limited liability and was incorporated in the Republic of Mauritius on 24 January 2000. The Company was granted a Category 1 Global Business Licence under the Financial Services Act 2007. (The surviving Act of the former Financial Services Development Act 2001)

The principal activity of the Company is that of investment holding and investing in the sectors involved in the manufacturing and supplying of industrial equipment based in Energy and environmental management.

The registered office is at 8th floor Ebene Tower, 52 Cybercity, Ebene, Republic of Mauritius.

**1. Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**1.1 Basis of preparation**

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Mauritius Companies Act 2001.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the Company's functional currency.

**2. Application of new and revised IFRS**

**2.1 New and revised standards**

In the current year, the following new and revised standards and interpretation issued by the IASB became mandatory for the first time:

| Particulars | Effective for accounting period beginning on or after |
|---|---|
| Interest Rate Benchmart Reform – Phase 2 – Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | 1 January 2021 |

Management has assessed the impact of these new and revised standards and interpretation and concluded that none of them have an impact on these financial statements.

**2.2 Standards and interpretations not yet effective**

There are certain standards and interpretations which apply for the first time to financial reporting periods commencing on or after 01 January 2022. These relevant standards and interpretations are being evaluated by management as to their impact on the financial statements.

| **Standard / Interpretation:** | **Effective date: Years beginning on or after** | **Expected impact:** |
|---|---|---|
| 1. Classification of Liabilities as current or non –current – Amendment to IAS 1 | 01 January 2022 (possibly deferred to 01 January 2023) | The impact of the standard is not material. |
| 2. Property, Plant and Equipment: Proceeds before intended use- Amendments to IAS 16 | 01 January 2022 | The impact of the standard is not material |
| 3. Onerous Contracts – cost of fulfilling a contract - Amendment to IAS 37 | 01 January 2022 | The impact of the standard is not material |
| 4. Annual improvements to IFRS Standards 2018-2020 | 01 January 2022 | The impact of the standard is not material |
| 5. Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 | 01 January 2023 | The impact of the standard is not material |
| 6. Definition of Accounting Estimates – Amendments to IAS 8 | 01 January 2023 | The impact of the standard is not material |

**3. Summary of accounting policies**

**3.1 Overall considerations**

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

**3.2 Financial instruments**

**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Classification and initial measurement of financial assets**

Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit and loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

In the current period, the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance cost or other financial items, except for impairment of receivables which is presented within other expenses.

**Classification and subsequent measurement of financial assets**

**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and trade and most of its receivables fall into this category of financial instruments.

**Impairment of financial assets**

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include mainly trade receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The Company makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cashflows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due.

The Company writes off a financial asset when there is information indicating that the debtor is in severe difficulty and there is no realistic prospect of recovery. Receivables or other financial assets written off are still subject to recovery procedures based on legal advices.

**Classification and measurement of financial liabilities**

The Company's financial liabilities include trade and other payables and loans from related parties.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

**Subsequent measurement of financial liabilities**

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**3.3 Foreign currency**

**Functional and presentation currency**

The financial statements are presented in US Dollars "USD", which is also the functional currency of the Company.

**Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**3.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, together with other short-term, highly liquid investments maturing within 90 days from date of acquisition, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.5 Trade receivables**

Trade receivables are in respect of products sold in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

**3.6 Trade payables**

Trade payables are in respect of services provided and products acquired in the ordinary course of business and are classified as current liabilities if payment is due within one year.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

**3.7 Operating leases**

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

**3.8 Equity**

Stated capital is determined using the nominal value of shares that have been issued.

Loss for the period consists of the current period results as disclosed in the statement of comprehensive income.

**3.9 Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax, and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operation results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full.

**3.10 Revenue recognition**

Revenue is recognised upon declaration of dividend by its subsidiaries. For this Financial year no distribution has been declared/made available by the subsidiaries.

**3.11 Set up costs**

Set up costs are expensed in the period in which they are incurred.

**3.12 Expense recognition**

All expenses are accounted for on an accrual basis.

**3.13 Related parties**

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

**3.14 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses.

All known risks at reporting date are reviewed in detail and a provision is made where necessary.

**3.15 Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

**4. Critical accounting judgements and key sources of estimation uncertainty**

Critical accounting judgments in applying the Company's accounting policies.

In the process of applying the Company's accounting policies, which are described in Note 3.3, the directors have made the following judgements that have the most significant effect on the amounts recognized in the financial statements: -

**Determination of functional currency**

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 3.5, the directors have considered those factors described therein and have determined that the reporting currency of the Company is the United States Dollars ("USD").

**5. Taxation**

**Income tax**

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income, thus reducing its maximum effective tax rate to 3%. In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income. No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends paid by the Company to its shareholders will be exempt in Mauritius from any withholding tax.

The Company has received a tax certificate from the Mauritian tax authorities that it is a tax resident of Mauritius, and such certification is renewed on an annual basis subject to satisfying certain conditions.

The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL1") to the company on 19 November 2015. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA"), the FSC is no longer empowered to issue any GBL1 as from 1 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the company satisfies certain conditions. The company will be deemed to hold a GBL as from 1 July 2021 under section 96A(1)(b) of the FSA.

As from 1 July 2021, the company will not be allowed to compute its foreign tax according to a presumed amount of 80% of the Mauritian tax of the relevant foreign sourced income. Furthermore, transactions with GBL corporations and non-residents will not necessarily be considered to be foreign sourced income. Effective as from 1 January 2019, the company may apply a partial exemption on its foreign dividend income, interest income and profits from foreign permanent establishments: the partial exemption is computed at 80% of the relevant foreign sourced income. The partial exemption is not mandatory: the company may apply the credit system if it so wishes.

A reconciliation of the theorical tax charge that would arise using the tax rate applicable to the profits of the Company to the tax charge is presented below:

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| Profit before taxation | (23,729) | (20,311) |
| **Add: Unauthorised deduction** | | |
| Penalty | - | - |
| Impairment | - | - |
| Other expenses | 4,436 | - |
| **Less: Exempt Income** | - | - |
| Interest income | - | - |
| Loss adjusted for tax purpose | (19,294) | (20,311) |
| Loss brought forward | (38,991) | (18,680) |
| Tax loss carried forward | (58,285) | (38,991) |

| | | |
|---|---|---|
| Tax for the year calculated @ 15% | - | - |
| Deemed tax credit of 80% | - | - |
| Tax charge for the period | - | - |

**6. Investment in subsidiaries**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| Investment at start | 900,498 | 639,048 |
| Acquisition during the year | - | 261,450 |
| Investment at end | 900,498 | 900,498 |

| Name of entity | Country of incorporation | % Holding | Carrying amount 2023 | Carrying amount 2022 |
|---|---|---|---|---|
| Thermax Senegal SARL | SENEGAL | 100% | - | - |
| Thermax International Tanzania Limited | Tanzania | 100% | 261,450 | - |
| Thermax Inc. | U. S. A | 100% | 500,000 | 500,000 |
| PT Thermax International Indonesia | INDONESIA | 0.005% | 773 | 773 |
| Thermax Nigeria Ltd | NIGERIA | 99.9996% | 138,275 | 138,275 |
| | | | 900,498 | 639,048 |

The directors are of the opinion that the investment is stated at cost since the fair value cannot be reliably measured. The directors are of the opinion that the cost is a reflective of the fair value at 31 March 2023.

**7. Cash and cash equivalent**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| Cash in hand | 67 | 67 |
| Bank | 4,176 | 433,267 |
| | 4,243 | 433,334 |

**8. Other receivables**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| Deposit | 350,000 | - |
| Receivable from subsidiary | 322 | 322 |
| | 350,322 | 322 |

**9. Stated capital**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| **Authorised** | | |
| 5,000,000 ordinary shares of USD 1 each | 5,000,000 | 5,000,000 |
| **Issued and Fully Paid** | | |
| 1,695,000 ordinary shares of USD 1 each | 1,695,000 | 1,695,000 |
| 1,747,300 cumulative redeemable preference shares | 1,747,300 | 1,747,300 |
| | 3,442,300 | 3,442,300 |

**10. Trade and other payables and accruals**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| Trade payables | 1,200 | 5,675 |
| Accruals | 449,675 | 500,000 |

The figure of USD 449,675 (2022: USD 500,000) includes USD 441,000 (2022: USD 500,000) representing the tax liability of Thermax Senegal SARL.

**11. Financial instruments**

**(a) Financial risk factors**

The Company's activities expose the Company to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**(b) Currency profile**

The currency profile of the Company's financial assets and liabilities is summarised as follows:

| | **Financial assets 2023** | **Financial liabilities 2023** | Financial assets 2022 | Financial liabilities 2022 |
|---|---|---|---|---|
| | **USD** | **USD** | USD | USD |
| Senegal XOF | **-** | **441,000** | - | 500,000 |
| Indonesian Rupiah | **773** | **-** | 773 | - |
| United States Dollars | **854,242** | **1,200** | 933,334 | 5,675 |
| Nigerian Naira | **138,275** | **-** | 138,275 | - |
| United States Dollars | **261,450** | **-** | 261,450 | - |
| | **1,254,740** | **442,200** | 1,333,832 | 505,675 |

**(c) Financial risks**

*(i) Foreign currency risk*

The Company invest in securities denominated in currencies other than its reporting currency. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to those currencies may change in a manner which has a material effect on the reported values of that portion of the company's assets which are denominated in those currencies.

*(ii) Credit risk*

Financial assets that potentially expose the Company to credit risk consist principally of loans receivables and cash and cash equivalents. The extent of the Company's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Company's statement of financial position.

*(iii) Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

*(iv) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial liabilities.

The table below illustrates the aged analysis of the Company's financial liabilities.

| **Liabilities Accruals** | **31 March 2023** | | |
|---|---|---|---|
| | **Less than 1 year** | **Over 1 year** | **Total** |
| | **USD** | **USD** | **USD** |
| Accruals | 8,675 | 441,000 | 449,675 |

| **Liabilities Accruals** | **31 March 2022** | | |
|---|---|---|---|
| | **Less than 1 year** | **Over 1 year** | **Total** |
| | **USD** | **USD** | **USD** |
| Accruals | 505,675 | - | 505,675 |

*(i) Interest rate risk*

The majority of the Company assets and liabilities are non-interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates.

*(ii) Concentration risk*

At 31 March 2023 the directors consider that the Company is not exposed to any concentration risk.

*(v) Capital risk management*

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholder and benefits for other stakeholders.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising of issued capital and retained earnings and unsecured borrowings from related parties.

The Company does not have any third-party debt due for the year ended 31 March 2023, hence does not have any capital risk.

**12. Ultimate holding company**

Holding company: Thermax Limited (India).

Ultimate holding company: RDA Holdings Private Limited.

# THERMAX INC

| Board of Directors | Registered Office | Auditors | Bankers |
|---|---|---|---|
| Mr. B. Venkatesh<br>Mr. Dinesh Mandhana<br>Mr. Rajendran Arunachalam | 16200, Park Row, Suite 190<br>Houston, Texas 77084 | Plante & Moran, PLLC<br>P.O. Box 307<br>3000 Town Center, Suite 100<br>Southfield, MI 48075 | JP Morgan Chase |

## Independent Auditor's Report

**To the Board of Directors**

**Thermax Inc.**

**Opinion**

We have audited the financial statements of Thermax Inc. (the "Company"), which comprise the balance sheet as of March 31, 2023 and 2022 and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

**Auditor's Responsibilities for the Audits 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 absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

May 10, 2023

## Balance Sheet Year Ended March 31, 2023 and 2022

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **USD** | **Rs Lacs** | USD | Rs Lacs |
| **ASSETS** | | | | |
| **CURRENT ASSETS** | | | | |
| Cash and Cash Equivalents | **4,436,350** | **3,645.13** | 4,227,748 | 3,204.10 |
| Restricted cash and cash equivalents | **1,813,350** | **1,489.94** | 1,813,890 | 1,374.70 |
| Certificates of deposit | **-** | **-** | - | - |
| Accounts Receivable | | | | |
| Trade accounts receivable | **4,573,377** | **3,757.72** | 2,401,494 | 1,820.03 |
| Trade receivable from related parties (Note 6) | **261,076** | **214.51** | 58,365 | 44.23 |
| Inventory (Note 4) | **4,631,575** | **3,805.53** | 6,833,428 | 5,178.88 |
| Advances to affiliates (Note 6) | **731,117** | **600.72** | 178,975 | 135.64 |
| Prepaid expenses and Oher Current Assets: | | | | |
| Refundable Tax (Note 10) | **27** | **0.02** | 248,950 | 188.67 |
| Other Current Assets | **98,481** | **80.92** | 75,174 | 56.97 |
| **Total Current Assets** | **16,545,353** | **13,594.49** | 15,838,024 | 12,003.24 |
| Leased Assets - Operating lease (Note 7) | **198,687** | **163.25** | 60,064 | 45.52 |
| Property And Equipment, Net (Note 5) | **38,302** | **31.47** | 35,667 | 27.03 |
| Other Assets | | | | |
| Loan to Affiliate (Note 6) | **1,500,000** | **1,232.48** | 1,500,000 | 1,136.81 |
| Deferred tax recovery (Note 10) | **137,000** | **112.57** | 106,000 | 80.33 |
| **Total Assets** | **18,419,342** | **15,134.25** | 17,539,755 | 13,292.94 |

| **LIABILITIES AND STOCKHOLDER'S EQUITY** | 2023 | | 2022 | |
|---|---|---|---|---|
| | **USD** | **Rs Lacs** | USD | Rs Lacs |
| **CURRENT LIABILITIES** | | | | |
| Accounts Payable: | | | | |
| Trade accounts Payable | **245,143** | **201.42** | 517,230 | 392.00 |
| Trade payables to related parties (Note 6) | **5,037,015** | **4,138.66** | 6,029,034 | 4,569.25 |
| Short term lease liability (Note 7) | **85,937** | **70.61** | 53,967 | 40.90 |
| Accrued and other current liabilities: | | | | |
| Taxes Payable | **52,000** | **42.73** | - | - |
| Contract obligations (Note 8) | **204,700** | **168.19** | 163,500 | 123.91 |
| Customer Deposits and advances | **1,322,990** | **1,087.03** | 874,280 | 662.59 |
| Other accrued liabilities | **355,382** | **292.00** | 280,340 | 212.46 |
| **Total Current Liabilities** | **7,303,167** | **6,000.65** | 7,918,351 | 6,001.12 |
| **Long-term Lease liability (Note 7)** | **118,589** | **97.44** | - | - |
| **Stockholder's Equity** | | | | |
| Common Stock - $10 Par Value | | | | |
| 50,000 shares Authorized, issued and Outstanding | **500,000** | **410.83** | 500,000 | 378.94 |
| **Retained Earnings** | **10,497,586** | **8,625.34** | 9,121,404 | 6,912.88 |
| **Total Stockholder's Equity** | **10,997,586** | **9,036.17** | 9,621,404 | 7,291.82 |
| Total Liabilities And Stockholder's Equity | **18,419,342** | **15,134.25** | 17,539,755 | 13,292.94 |

## Statement of Operations for the years ended March 31, 2023 and 2022

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **USD** | **Rs Lacs** | USD | Rs Lacs |
| Revenue | | | | |
| Operating Revenues | **30,520,374** | **25,077.07** | 21,699,597 | 16,445.58 |
| Other Revenues | **267,671** | **219.93** | 148,903 | 112.85 |
| **Total Revenue** | **30,788,045** | **25,297.00** | 21,848,500 | 16,558.43 |
| Costs of Revenue -Production | **25,776,412** | **21,179.19** | 18,281,683 | 13,855.23 |
| **Gross Profit** | **5,011,633** | **4,117.81** | 3,566,817 | 2,703.20 |
| Selling General and Administrative Expenses | **3,227,398** | **2,651.79** | 2,899,526 | 2,197.48 |
| **Income- Before income taxes** | **1,784,235** | **1,466.02** | 667,291 | 505.72 |
| **Income Tax Expense (Note 10)** | **408,053** | **335.28** | 174,821 | 132.49 |
| **Net Income** | **1,376,182** | **1,130.74** | 492,470 | 373.23 |

Exchange Rate : as at 31 March 2023 is 1 US $ = Rs 82.17

Exchange Rate : as at 31 March 2022 is 1 US $ = Rs 75.79

See notes to financial statements

# THERMAX INC

## Statement of Cash flows for the years ended March 31, 2023 and 2022

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | USD | Rs Lacs | USD | Rs Lacs |
| **CASH FLOWS FROM** | | | | |
| **OPERATING ACTIVITIES** | | | | |
| Net income | **1,376,182** | **1,130.74** | 492,470 | 373.23 |
| Adjustment to reconcile net income to net cash from operating activities: | | | | |
| Depreciation | **12,571** | **10.33** | 12,351 | 9.36 |
| Bad debt expense | **-** | **-** | 2,000 | 1.52 |
| Amortisation of right of use asset | **80,566** | **66.20** | 83,216 | 63.07 |
| Deferred Income Taxes | **(31,000)** | **(25.47)** | (3,000) | (2.27) |
| Changes in operating assets and liabilities which provided (used) cash: | | | | |
| Accounts receivable | **(2,171,883)** | **(1,784.53)** | 260,371 | 197.33 |
| Accounts receivable - Related parties | **(202,711)** | **(166.56)** | 186,474 | 141.32 |
| Inventory | **2,201,853** | **1,809.15** | (3,925,644) | (2,975.15) |
| Other Assets | **225,616** | **185.38** | (102,756) | (77.88) |
| Accounts payable | **(272,087)** | **(223.56)** | 353,433 | 267.86 |
| Accounts payable- Related Parties | **(992,019)** | **(815.09)** | 3,385,125 | 2,565.50 |
| Customer advances | **448,710** | **368.68** | 31,485 | 23.86 |
| Provision for warranty and start-up costs | **41,200** | **33.85** | (24,750) | (18.76) |
| Other liabilities | **127,042** | **104.38** | 55,427 | 42.01 |
| Lease liability | **(68,630)** | **(56.39)** | (84,504) | (64.04) |
| Advances to affiliates | **(552,142)** | **(453.67)** | 382,325 | 289.75 |
| **NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES** | **223,268** | **183.45** | 1,104,023 | 836.71 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of property and equipment | **(15,206)** | **(12.49)** | (10,545) | (7.99) |
| Purchase of certificates of deposit | **-** | **-** | 1,000,000 | 757.88 |
| Issuance of loan to affiliate | **-** | **-** | (1,500,000) | (1,136.81) |
| **NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES** | **(15,206)** | **(12.49)** | (510,545) | (386.93) |
| **NET INCREASE IN CASH & CASH EQUIVALENTS** | **208,062** | **170.95** | 593,478 | 449.78 |
| **Cash & cash Equivalents - Beginning of year** | **6,041,638** | **4,964.11** | 5,448,160 | 4,129.02 |
| **Cash & cash Equivalents - End of year** | **6,249,700** | **5,135.07** | 6,041,638 | 4,578.81 |
| **Classification of Cash and cash equivalents** | | | | |
| Cash and cash equivalents | **4,436,350** | **3,645.13** | 4,227,748 | 3,204.10 |
| Restricted cash and cash equivalents | **1,813,350** | **1,489.94** | 1,813,890 | 1,374.70 |
| Total cash and cash equivalents | **6,249,700** | **5,135.07** | 6,041,638 | 4,578.81 |
| **Supplemental Cash Flow Information - Cash paid for Income Taxes** | **190,130** | **156.22** | 255,154 | 193.37 |
| **Significant Noncash Transactions - Recognition of right-of-use assets related to leased facilities** | **219,189** | **180.10** | 21,648 | 16.41 |

See notes to financial statements

Exchange Rate : as at 31 March 2023 is 1 US $ = Rs 82.17

Exchange Rate : as at 31 March 2022 is 1 US $ = Rs 75.79

## Statement of Stockholder's Equity

## Year ended March 31, 2023 and 2022

| | Common Stock | | Retained Earnings | | Total | |
|---|---|---|---|---|---|---|
| | USD | Rs Lacs | USD | Rs Lacs | USD | Rs Lacs |
| Balance - April 1, 2021 | 500,000 | 410.83 | 8,628,934 | 7,089.96 | 9,128,934 | 7,500.79 |
| Net Income | - | - | 492,470 | 404.64 | 492,470 | 404.64 |
| **Balance - March 31, 2022** | 500,000 | 410.83 | 9,121,404 | 7,494.60 | 9,621,404 | 7,905.43 |
| Net Income | - | - | 1,376,182 | 1,130.74 | 1,376,182 | 1,130.74 |
| **Balance - March 31, 2023** | **500,000** | **410.83** | **10,497,586** | **8,625.34** | **10,997,586** | **9,036.17** |

## Notes to Financial Statements March 31, 2023 and 2022

### Note 1 - Nature of Business

Thermax Inc. (the "Company") was incorporated on October 23, 2000. The Company's operations consist of two segments - chemical and energy. The chemical segment consists of the sale of ion exchange resins and chemicals primarily within North America. The energy segment consists of the sale of absorption chillers, with operations conducted primarily in North America.

The Company is a wholly owned subsidiary of Thermax International Limited (Mauritius), which, in turn, is wholly owned by Thermax Ltd., an Indian publicly listed company. Thermax Ltd. is a subsidiary of RDA Holdings Private Limited, a company incorporated in India. The Company acquires substantially all of its products for sale from Thermax Ltd. The Company operates out of a corporate office in Houston, Texas.

### Note 2 - Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

#### Credit Risk and Major Customers

The Company's energy business segment includes sales to two customers of $5,012,794 and $1,764,699 during the years ended March 31, 2023 and 2022, respectively. Accounts receivable from these customers totaled $1,229,286 and $43,550 at March 31, 2023 and 2022, respectively.

The Company's chemical business segment includes sales to two customers totaling $7,486,408 and $7,861,051 for the years ended March 31, 2023 and 2022, respectively. Accounts receivable from these customers totaled $661,738 and $898,134 at March 31, 2023 and 2022, respectively.

#### Advertising Expense

Advertising expense is charged to income during the year in which it is incurred. Advertising and promotion expenses for the years ended March 31, 2023 and 2022 were $27,646 and $26,499, respectively.

#### Cash Equivalents

The Company utilizes a money market account and certificates of deposit to earn interest on funds held.

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

For the purpose of the accompanying financial statements, the Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. This includes certificates of deposit totaling $4,563,350 and $0 as of March 31, 2023 and 2022, respectively. The carrying amount reported on the balance sheet for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

#### Restricted Cash

Under the terms of its letter of credit agreement with a bank, effective December 10, 2021, the Company has agreed to maintain a compensating balance, which was equal to $1,813,350 and $1,813,890 as of March 31, 2023 and 2022, respectively.

#### Trade Accounts Receivable

The Company's accounts receivable are primarily related to sales of ion exchange resins and vapor absorption chillers and spares. Credit is extended based on prior experience with the customer and evaluation of the customer's financial condition. Accounts receivable are generally due within 30 days. An allowance for doubtful accounts is established based on company policy and the assessment of outstanding invoices unpaid following normal customer payment periods. All accounts or portions thereof deemed to be uncollectible are written off in the period that determination is made. Management has recorded an allowance for doubtful accounts related to trade accounts receivable of $19,117 and $24,117 at March 31, 2023 and 2022, respectively.

#### Inventory

Inventory consists of products purchased from Thermax Ltd. and is valued at the lower of cost or net realizable value (NRV), with NRV based on selling prices in the ordinary course of business, less costs of completion, disposal, and transportation. Inventory cost is determined using the average cost method. The cost of inventory includes the purchase price of the products, expenses incurred on freight, customs duty where applicable, and other incidental expenses.

#### Shipping and Handling Costs

Shipping and handling costs are generally capitalized to inventory for the inbound costs of the Company's purchases and recorded as costs of sales for the outbound costs of the Company's sales as they are incurred.

#### Property and Equipment

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

The estimated useful lives used to determine depreciation are as follows:

| | Depreciable Life - Years |
|---|---|
| Furniture and fixtures | 7 |
| Office equipment | 5 |
| Leasehold improvements | 7 |

#### Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

The Company has elected to classify interest and penalties, if applicable, related to income tax obligations as part of income tax expense.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

The financial statements and related disclosures include evaluation of events up to and including May 10, 2023, which is the date the financial statements were available to be issued.

### Note 3 - Revenue Recognition

The Company generates revenue from contracts with customers through the sale of absorption chillers to customers in North America and ion exchange resins and chemicals primarily in North America.

The Company's typical contract terms for the sale of absorption chillers are memorialized in purchase orders. The typical contract calls for delivery of the chiller to the designated customer site and startup. Any ongoing requirement for maintenance of the chillers after startup is negotiated as a separate customer contract when needed, which may not be at the time the chiller is purchased.

From time to time, the Company may sell spare parts to its customers under separately negotiated customer contracts. Spare parts sold to customers are recognized when control transfers to the customer under the customer contract.

The Company's typical contract terms for the sale of ion exchange resins are memorialized in purchase orders. In most of the contracts, customers will pick up resins from one of the storage warehouses. In certain circumstances, contracts call for delivery of a specific type and quantity of resin to the customer location. In other cases, containers of ion exchange resins imported from the factory are delivered direct to customer locations.

The most significant economic factor affecting the nature, amount, timing, and uncertainty of the Company's revenue and cash flows pertains to the type of customers for sale of the Company's absorption chillers. The Company's revenue per customer in this segment is significant. As a result, the credit quality of the customer may have a significant impact on the risks associated with this revenue stream.

During the years ended March 31, 2023 and 2022, the Company recognized revenue from contracts with customers as follows:

| | 2023 | 2022 |
|---|---|---|
| Absorption chillers | **$ 8,412,817** | $ 3,533,033 |
| Absorption chillers - Services/ Maintenance | **440,028** | 274,763 |
| Absorption chillers - Spare parts | **461,634** | 263,661 |
| Ion exchange resins | **21,205,895** | 17,628,140 |
| Total revenue from contracts with customers | **$ 30,520,374** | $ 21,699,597 |

The Company's revenue from the sale of absorption chillers includes revenue for startup services. Revenue for startup services for the years ended March 31, 2023 and 2022 was approximately $125,200 and $63,000, respectively.

The Company recognized impairment losses of $0 and $2,000 on its trade receivables for the years ended March 31, 2023 and 2022, respectively. Accounts receivable were $4,834,453, $2,459,859, and $2,908,704 as of March 31, 2023; March 31, 2022; and April 1, 2021, respectively.

For the absorption chillers revenue stream, the Company has performance obligations for the delivery of the chiller and the subsequent startup of the chiller. The performance obligation for the delivery of chillers is recognized at a point in time. The performance obligation for sale of spare parts is also recognized at a point in time. The Company has evaluated the factors to determine when the customer obtains control over the chiller and the spare parts sold and has concluded that control transfers when the risk of ownership has transferred. In most cases, this is upon delivery to the customer site, as the Company typically bears the risk of loss for goods in transit.

The startup service and maintenance performance obligations are recognized over time. The Company has evaluated the factors to determine when the customer obtains control over the service being rendered and has concluded that control transfers as the work is performed by the Company's technicians. For startup service and for maintenance performance obligation, the measure of progress is completion of activity per the terms of the service contract. The measure of progress is actual costs incurred, including salaries and fringe benefits, and travel and other out-of-pocket costs incurred. There were no outstanding contract assets or contract liabilities related to startup service and maintenance contracts as of March 31, 2023; March 31, 2022; or April 1, 2021.

For the ion exchange resins revenue stream, the Company has performance obligations for the delivery of the resins. The delivery performance obligation is recognized at a point in time. The Company has evaluated the factors to determine when the customer obtains control over the resins and has concluded that control transfers when the risk of ownership has transferred. In most cases, this is upon pickup by the customer and, in a few cases, by delivery to the customer site, as the Company typically bears the risk of loss for goods in transit.

Payment for goods and services sold by the Company is typically due within 30 days after an invoice is sent to the customer. Invoices for goods are typically sent to customers within 3 calendar days of delivery. Invoices for services performed over time are typically sent to customers on the completion of service by the Company's service personnel.

The Company does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date. Related to the Company's customer contracts for the sale of absorption chillers and occasionally for sale of ion exchange resins, the Company, in some cases, bills its customers and collects cash prior to the satisfaction of the performance obligation, which results in the Company recognizing contract liabilities. These payments are effectively down payments from its customers. These contract liabilities are recorded as customer deposits and advances on the balance sheet. Customer advances totaled $1,322,990 and $874,280 as of March 31, 2023 and 2022, respectively. Customer advances totaled $842,795 as of April 1, 2021.

For startup services associated with the sale of the Company's absorption chillers, the amount of consideration to which the Company will be entitled is included in the total contract price and is not separately stated. Under some of the contracts, consideration/payment is contingent on the successful performance of the promised service. The Company estimates and accrues costs it expects to incur to complete startup of each absorption chiller it delivers. As startup services are rendered and actual costs are incurred, the startup accrual is reduced, with any final adjustments recorded when the performance obligation is complete. None of the Company's contracts have a significant financing component.

The Company offers no warranties related to the sale of its products. Any warranties on the absorption chillers are offered by and are the obligation of the manufacturer (Thermax Ltd.). In most cases, consideration paid for products and services that customers purchase from the Company is nonrefundable. Therefore, at the time revenue is recognized, the Company does not estimate expected refunds for services, nor does the Company exclude any such amounts from revenue.

The transaction price of a contract is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes).

To determine the transaction price of a contract, the Company considers the terms of the contract and its customary business practices. For the purpose of determining transaction prices, the Company assumes that the goods or services will be transferred to the customer as promised in accordance with existing contracts and that the contracts will not be canceled, renewed, or modified.

The Company's contracts with customers have fixed transaction prices that are payable in cash. A majority of the transaction price is allocated to chiller delivery, while the Company allocates a portion of the transaction price to the startup performance obligation equal to its anticipated direct costs for providing this service. The basis for this allocation is that the margin the Company is entitled to keep is related to the delivery of the chiller. The startup, while a separate performance obligation, does not have value that is contemplated in the contract price beyond the direct costs incurred by the Company.

The Company has elected all available and relevant practical expedients in its application of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). These include (1) recognition of the incremental costs of obtaining contracts as expenses when incurred and (2) treatment of shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment cost rather than an additional promised service.

**Note 4 - Inventory**

Inventory, net of reserves, at March 31, 2023 and 2022 consists of the following:

| | 2023 | 2022 |
|---|---|---|
| Traded goods - Ion exchange resins and spare parts | **$ 1,640,527** | $ 1,190,546 |
| Goods in transit - Ion exchange resins and chemicals | **1,822,623** | 4,146,262 |
| Goods in transit - Chillers and spare parts | **1,168,425** | 1,496,620 |
| Total revenue from contracts with customers | **$ 4,631,575** | $ 6,833,428 |

The Company maintains inventory of ion exchange resins and spare parts at third-party warehouses located in various states. At March 31, 2023 and 2022, net inventory valued at $1,640,527 and $1,190,546, respectively, was located at third-party warehouses.

At March 31, 2023 and 2022, the Company maintained a reserve for inventory obsolescence of $99,918 and $90,688, respectively.

**Note 5 - Property and Equipment**

Property and equipment at March 31, 2023 and 2022 are summarized as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Office equipment | $ | **64,694** | $ | 59,211 |
| Furniture and fixtures | | **35,045** | | 35,045 |
| Leasehold improvements | | **9,379** | | 9,379 |
| Total cost | | **109,118** | | 103,635 |
| Accumulated depreciation | | **70,816** | | 67,968 |
| Net property and equipment | $ | **38,302** | $ | 35,667 |

Depreciation expense was $12,571 and $12,351 for the years ended March 31, 2023 and 2022 respectively.

**Note 6 - Related Party Transactions**

The following is a description of transactions between the Company and related parties:

***Accounts Receivable and Advances***

At March 31, 2023 and 2022, the Company had accounts receivable from related parties totaling $261,076 and $58,365, respectively, related to expenses paid by the Company on behalf of the related parties.

At March 31, 2023 and 2022, the Company had advances to related parties totaling $731,117 and $178,975, respectively. The advances represent deposits on the purchase of chillers for sale to the Company's customers.

***Accounts Payable***

At March 31, 2023 and 2022, the Company had accounts payable to related parties totaling $5,037,015 and $6,029,034, respectively.

***Loan to Affiliate***

The Company has one loan receivable totaling $1,500,000 due from an affiliate bearing an interest rate of 2 percent, maturing on January 31, 2024. The note is unsecured.

***Purchases***

For the years ended March 31, 2023 and 2022, the Company had purchases of ion exchange resins, absorption chillers, and spare parts from Thermax Ltd. totaling $19,274,132 and $18,757,937, respectively.

**Note 7 - Leases**

The Company is obligated under operating leases primarily for office space and vehicles, expiring at various dates through March 2026. The right-of-use asset and related lease liability have been calculated using a discount rate of 5.75 percent, which is the Company's incremental borrowing rate. The leases require the Company to pay taxes, insurance, utilities, and maintenance costs. Operating lease expenses were $105,902 and $88,403 for the years ended March 31, 2023 and 2022, respectively. Operating lease cash flows were $68,630 and $84,504 for the years ended March 31, 2023 and 2022, respectively.

The Company made a policy election not to separate lease and nonlease components for its operating leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability.

Future minimum annual commitments are as follows:

| Years Ending March 31 | | Amount |
|---|---|---|
| 2024 | $ | 92,704 |
| 2025 | | 94,813 |
| 2026 | | 43,189 |
| Total | | 230,706 |
| Less amount representing interest | | 26,180 |
| Present value of net minimum lease payments | | 204,526 |
| Less current obligations | | 85,937 |
| Long-term obligations under leases | $ | 118,589 |

**Note 8 - Contract Obligations**

The Company has a policy to record provisions for startup costs related to the sale of vapor absorption chillers under its energy business segment. These provisions are recorded as and when the related revenue is recognized. These provisions are based on the estimates of likely expenses for startup of the chillers, considering the types of chillers, geographical location of the job sites, capacity of the chillers under consideration, and past performance data. The Company adjusts these provisions as and when the chillers are started up.

The Company has accrued $204,700 and $163,500 at March 31, 2023 and 2022, respectively, for estimated chiller startup costs.

**Note 9 - Letter of Credit**

The Company has entered into a standby letter of credit with a bank in the amount of $1,727,000 on behalf of Thermax Ltd. to enable Thermax Ltd. to issue a bank guarantee to its customer. The letter of credit is secured by cash collateral. There were no claims under the letter of credit at March 31, 2023. The letter of credit expires in December 2024.

**Note 10 - Income Taxes**

The components of the income tax provision included in the statement of operations are all attributable to continuing operations and are detailed as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Current income tax expense | $ | **439,053** | $ | 177,821 |
| Deferred income tax (recovery) expense | | **(31,000)** | | (3,000) |
| Total income tax expense | $ | **408,053** | $ | 174,821 |

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal rate to income before taxes is as follows:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Income tax expense - Computed at 21 percent of pretax income | $ | **374,689** | $ | 140,131 |
| State income taxes - Net of federal tax benefit | | **29,272** | | 23,822 |
| Nondeductible expenses and adjustments to prior year estimate - Net | | **4,092** | | 10,868 |
| Total income tax expense | $ | **408,053** | $ | 174,821 |

The details of the net deferred tax asset are as follows:

| | 2023 | 2022 |
|---|---|---|
| Deferred tax assets: | | |
| Inventory reserve | $ 21,000 | $ 19,000 |
| Section 263A | 9,000 | 13,000 |
| Accrued bonuses | 20,000 | 13,000 |
| Other | 94,000 | 69,000 |
| Gross deferred tax assets | 144,000 | 114,000 |
| Deferred tax liabilities - Depreciation | 7,000 | 8,000 |
| Net deferred tax asset | $ 137,000 | $ 106,000 |

No valuation allowance has been recognized for the deferred tax assets.

The Company files income tax returns in U.S. federal and various state jurisdictions. With few exceptions, the Company is no longer subject to income tax examinations by taxing authorities for years ended before March 31, 2019. There are no pending or ongoing tax examinations.

**Note 11 - Segment Information**

The Company has two reportable segments - (1) chemical and (2) energy.

The chemical segment is engaged in the distribution of ion exchange resins, and the energy segment is engaged in the distribution of absorption chillers and the sale of spares. The two segments consist of distinct product lines that are managed separately, as each has different selling and distribution requirements.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2. For the year ended March 31, 2023, all corporate expenses have been allocated to reportable segments based on their predetermined share of operating activities, which was 69 percent to the chemical segment and 31 percent to the energy segment. For the year ended March 31, 2022, the allocation was based on each reportable segment's proportionate share of operating activities, which was 65 percent to the chemical segment and 35 percent to the energy segment. Segment profit is based on operating profit before income taxes.

Intersegment charges for administrative services are allocated by management.

The following is summarized information about profit or loss, assets, and other information for each reportable segment for the years ended March 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| **Chemical Segment** | | |
| Revenue from external customers | $ **21,205,895** | $ 17,628,140 |
| Other revenue | **215,759** | 141,429 |
| Segment pretax profit | **1,405,309** | 1,118,845 |
| Segment assets | **6,477,776** | 7,371,486 |
| Segment liabilities | **3,159,202** | 5,016,055 |
| **Energy Segment** | | |
| Revenue from external customers | **9,314,479** | 4,071,457 |
| Other revenue | **51,912** | 7,474 |
| Segment pretax (loss) profit | **378,926** | (451,554) |
| Segment assets | **3,740,408** | 2,138,379 |
| Segment liabilities | **3,888,011** | 2,761,876 |

The following are reconciliations from the segment information above to the amounts reported in the accompanying financial statements for the years ended March 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| **Revenue by Country** | | |
| United States | $ **25,820,566** | $ 18,062,446 |
| Mexico and South America | **1,691,618** | 38,619 |
| Canada | **290,903** | 444,015 |
| Other | **2,984,958** | 3,303,420 |
| Total revenue | $ **30,788,045** | $ 21,848,500 |
| **Assets** | | |
| Total assets for reportable segments | $ **10,218,184** | $ 9,509,865 |
| Unallocated amounts | **8,201,158** | 8,029,890 |
| Total assets | $ **18,419,342** | $ 17,539,755 |
| **Liabilities** | | |
| Total liabilities for reportable segments | $ **7,047,213** | $ 7,777,931 |
| Unallocated amounts | **374,543** | 140,420 |
| Total liabilities | $ **7,421,756** | $ 7,918,351 |

Revenue is allocated based on the geographic location of the customers.

**Note 12 - Retirement Plans**

The Company has a defined contribution profit-sharing 401(k) plan covering substantially all employees. Company contributions are discretionary. The Company has the option to match up to 50 percent of an employee's deferral amount, not to exceed 4 percent of the employee's compensation. For the years ended March 31, 2023 and 2022, the Company made matching contributions totaling $52,678 and $32,954, respectively.

**Note 13 - Contingencies and Settlements**

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions, if any, will not materially affect the Company's financial statements.

# THERMAX DO BRASIL – ENERGIA E EQUIPAMENTOS LTDA.

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Mr. Sandeep Mandke

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CRC- SP 2SP 025.442/O-3
São Paulo, Brazil

***Bankers***
Banco Citibank S. A.
Banco Real S. A.

**AUDITORS' REPORT**

To Quotaholders

**Thermax do Brasil – Energia e Equipamentos Ltda.**

São Paulo - SP

1. We have examined the balance sheet of **Thermax do Brasil – Energia e Equipamentos Ltda.,** as of March 31, 2023 and the related statements of income, changes in quotaholders' equity and changes in financial position for the period then ended, which are the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

2. We conducted our audit in accordance with auditing standards generally accepted in Brazil and, accordingly, included: a) the planning of the audit work, considering the materiality of the balances, volume of transactions, and the system of internal controls of the Company; b) the verification on a test basis, of the evidence and records which support the values and information in the published financial statements; and c) evaluation of the accounting practices and the more material accounting estimates adopted by Company management as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred in the paragraph 1 present fairly, in all material respects, the financial position of **Thermax do Brasil – Energia e Equipamentos Ltda.** as of March 31, 2023, and of the results of their operations, changes in their quotaholders' equity and changes in its financial position for the period then ended, in accordance with accounting principles generally accepted in Brazil.

**KANZK AVALIAÇÕES E AUDITORIA EIRELI**

**CNPJ no. 23.429,508/0001-05**

**CRC- SP 2SP 025.442/O-3**

**São Paulo, Brazil**

April, 17, 2023

# THERMAX DO BRASIL – ENERGIA E EQUIPAMENTOS LTDA.

## Statement of Income
## For the year ended March 31, 2023

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | BRL | Rs Lacs | BRL | Rs Lacs |
| **GROSS INCOME** | | | | |
| Sale of services | **115,748** | **18.78** | 152,683 | 24.42 |
| | **115,748** | **18.78** | 152,683 | 24.42 |
| **DEDUCTION FROM GROSS INCOMES** | | | | |
| Tax incident on sales | **(17,158)** | **(2.78)** | (21,891) | (3.50) |
| Gross profit | **98,590** | **16.00** | 130,792 | 20.92 |
| **OPERATING EXPENSES** | | | | |
| General and administrative expenses | **(85,929)** | **(13.94)** | (82,334) | (13.17) |
| Financial (expenses)/ income | **(3,373)** | **(0.55)** | (2,808) | (0.45) |
| | **(89,302)** | **(14.49)** | (85,142) | (13.62) |
| **Net Profit/Loss before Taxes** | **9,288** | **1.51** | 45,650 | 7.30 |
| **Taxes on income** | **-** | **-** | - | - |
| **Net Profit/(Loss)** | **9,288** | **1.51** | 45,650 | 7.30 |

Exchange Rate : As at 31 Mar 23 is 1 BRL = Rs 16.23

Exchange Rate : As at 31 Mar 22 is 1 BRL = Rs 15.99

## Balance Sheet Year Ended March 31, 2023

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | BRL | Rs Lacs | BRL | Rs Lacs |
| **SOURCES OF FUNDS** | | | | |
| Shareholders' Funds : | | | | |
| Share Capital | **1,087,130** | **176.42** | 1,087,130 | 173.86 |
| Accumulated losses | **(701,329)** | **(113.81)** | (710,616) | (113.64) |
| **Total Funds Employed** | **385,801** | **62.61** | 376,514 | 60.21 |
| **APPLICATION OF FUNDS** | | | | |
| Current Assets: | | | | |
| Cash & Banks | **88,742** | **14.40** | 107,493 | 17.19 |
| Trade receivables | **100,514** | **16.31** | 130,195 | 20.82 |
| (-) Provision for doubtful Debts | **(25,284)** | **(4.10)** | (25,284) | (4.04) |
| Recoverable taxes | **11,743** | **1.91** | 11,743 | 1.88 |
| (-) Provision for losses | **(10,941)** | **(1.78)** | (10,941) | (1.75) |
| Account Receivable (Intercompany) | **242,552** | **39.36** | 192,057 | 30.71 |
| | **407,327** | **66.10** | 405,264 | 64.81 |
| Less : Current Liabilities & Provisions | | | | |
| Taxes payable | **25,409** | **4.12** | 28,486 | 4.56 |
| Other accounts payable | **6,044** | **0.98** | 10,192 | 1.63 |
| (-) Reversal Taxes (Bad Debts) | **(9,928)** | **(1.61)** | (9,928) | (1.59) |
| | **21,525** | **3.49** | 28,750 | 4.60 |
| **Net Current Assets** | **385,801** | **62.61** | 376,514 | 60.21 |
| **Total Funds Applied** | **385,801** | **62.61** | 376,514 | 60.21 |

## Statement of Changes in Quotaholders' Equity Year Ended March 31, 2023

| | Capital | | Accumulated losses | | Total | |
|---|---|---|---|---|---|---|
| | BRL | Rs Lacs | BRL | Rs Lacs | BRL | Rs Lacs |
| Balances at April 1, 2022 | 1,087,130 | 176.42 | (710,616) | (115.32) | 376,514 | 61.10 |
| Net Profit/ (Loss) for the period | - | - | 9,288 | 1.51 | 9,288 | 1.51 |
| **Balances at March 31, 2023** | **1,087,130** | **176.42** | **(701,329)** | **(113.81)** | **385,801** | **62.61** |

See the accompanying notes to the financial statements

## Statement of Changes in Financial Position
## Year ended March 31, 2023

| **Sources** | 2023 | | 2022 | |
|---|---|---|---|---|
| | BRL | Rs Lacs | BRL | Rs Lacs |
| From Operations | | | | |
| Net Profit/(loss) for the period | **9,288** | **1.51** | 45,650 | 7.30 |
| Expenses (incomes) that do not affect net working capital: | | | | |
| Depreciation | **-** | **-** | - | - |
| Advance to Capital | **-** | **-** | - | - |
| **Total sources** | **9,288** | **1.51** | 45,650 | 7.30 |
| **Applications** | - | - | - | - |
| **Reduction in net working capital** | **9,288** | **1.51** | 45,650 | 7.30 |

## Statement of variation in net working capital

| **Sources** | 31 March 2023 | | 31 March 2022 | | Variation 2022 | |
|---|---|---|---|---|---|---|
| | BRL | Rs Lacs | BRL | Rs Lacs | BRL | Rs Lacs |
| **Current Assets** | **407,327** | **66.10** | 405,264 | 64.81 | 2,063 | 1.29 |
| **Current Liabilities** | **21,525** | **3.49** | 28,750 | 4.60 | 7,225 | 1.10 |
| **Net working capital** | **385,801** | **62.61** | 376,514 | 60.21 | 9,288 | 2.40 |

**Notes to the Financial Statements Year Ended March 31, 2023**
**(Amounts in reais)**

1. **Operational Context**

The Company is a subsidiary of Thermax Ltd which in turn is a subsidiary of RDA Holdings Private Limited, a Company incorporated in India. The Company's business activities mainly consist of rendering services, including technical assistance, which may be provided through hiring outsourced companies.

2. **Presentation of the Financial Statements**

The financial statements were prepared in accordance with accounting practices emanated from the Brazilian Corporation Law.

3. **Summary of the Significant Accounting Policies**

a. **Revenue and expenses recognition**

Income and expenses are recorded on monthly accrual basis.

b. **Current and long-term assets**

Current and long-term assets are recorded at lower of cost or market value plus accrued income until the end of the period. An allowance is recorded in case the market value is lower than cost.

c. **Current and long-term liabilities**

Liabilities are recorded at known or estimated amounts.

4. **Trade Receivables**

| Description | 2023 |
|---|---|
| Accounts receivable | 100,514.35 |
| (-)Provision for Doubtful Debts | (25,283.53) |
| **Net accounts receivable** | **75,230.82** |

The Company decided to make a provision for accounts receivables due the uncertainty of recovery of receivables from Consulthermos.

5. **Accounts Receivable - Intercompany**

| Description | 2023 |
|---|---|
| Accounts receivable | 242,552.34 |
| **Net accounts receivable** | **242,552.34** |

The amount of R$ 242,552.34 refers to invoices issued to Thermax LTD for the recovery of commercial expenses.

This value was checked with Thermax Ltd. and not present differences

6. **Recoverable Taxes**

| Description | 2023 |
|---|---|
| IRPJ – 2005 | 89.28 |
| CSLL – 2005 | 10,851.37 |
| IRRF – Authorized | 802.03 |
| **Net accounts receivable** | **11,742.68** |
| Provision for losses | **(10,940.65)** |
| **Net** | **802.03** |

The value of the recoverable taxes basically represents withholding taxes by the Customers. The possibility of setting off the recoverable taxes was authorized by Federal Authorities in May,2013.

7. **Taxes and Contributions payable**

| Description | 2023 |
|---|---|
| PIS | 3,005.20 |
| COFINS | 20,320.88 |
| ISS – SALES | 2,082.69 |
| (-)Reversal – Taxes – Bad Debts | (9,927.66) |
| **Net Taxes and Contributions payable** | **15,481.11** |

The above balances were compared with the tax books of the Company and subsequent events and do not present differences.

The Company recorded a reversal of taxes payable in view of the uncertainty of recovery of receivables from Consulthermos.

8. **Other liabilities**

| Description | 2023 |
|---|---|
| Rent | 1,800.00 |
| Reimbursment – Mr.Felipe | 2,244.22 |
| Audit Fees | 2,000.00 |
| **TOTAL** | **6,044.22** |

9. **Capital Social**

The paid-in Capital is represented by R$ 1,087,130.00 with nominal value of R$ 1.00 (one real) each.

10. **Services**

The company's total sales from services amounted to R$ 115.748,13 as presented below:

| Description | 2023 |
|---|---|
| Services Sales | 115,748.13 |
| **Net sales** | **115,748.13** |

The services sales amounts were checked against the company's tax books and do not present differences.

11. **Taxes incident on Services**

The company's total taxes related to service, amounted to R$ 17,157.94, as presented below:

| Description | 2023 |
|---|---|
| ISS - SALES | 6,543.46 |
| COFINS – SALES | 8,704.66 |
| PIS – SALES | 1,909.82 |
| **TOTAL** | **17,157.94** |

12. **Operating Expenses**

The composition of the "Operating Expenses" account is presented below:

| Description | 2023 |
|---|---|
| Rents/Condominium | 24,907.29 |
| Accounting Outsourcing | 41,600.00 |
| Third Part Services | 17,421.88 |
| Auditory | 2,000.00 |
| **Total** | **85,929.17** |

13. **Financial (expenses) income**

The balance of the Financial (expenses) income and exchange variation income account is presented below:

| Description | 2022 |
|---|---|
| Bank Expenses | (3,373.19) |
| Finance Income | |
| Exchange Variation | - |
| **Total** | **(3,373.19)** |

14 . **Identified Contingencies**

There are no identified tax and accounting contingencies for the year ended on March 31, 2023 (Previous Year Nil)

**KANZK AVALIAÇAO E AUDITORIA EIRELI**
**CNPJ no. 23.429,508/0001-05**
**CRC- SP 2SP 025.442/O-3**
**São Paulo, Brazil**
**April, 17, 2023**

# THERMAX NETHERLANDS B.V.

| Board of Directors | Registered Office | Bankers |
|---|---|---|
| S.V. Dhumane<br>TMF Netherlands B. V. | Herikerbergweg 238, Luna<br>Arena, 1101 CM Amsterdam<br>Zuidoost, The Netherlands. | Citi Bank, Netherlands |

### Notes to financial statements for the year ended March 31, 2023

## General notes

**The most important activities of the entity**

Thermax Netherlands B.V. (hereinafter 'the Company'), a private limited liability company, having its statutory seat in Amsterdam and its place of business at Herikerbergweg 238, 1101CM, Amsterdam, the Netherlands, was incorporated under the laws of the Netherlands on 5 November 2010 and is registered at the trade register under number 51219352. The Company is a wholly owned subsidiary of publicly listed Thermax Limited, registered in Chinchwad Pune, India.

The principal activity of the Company is to act as a holding company.

The Company qualifies as a micro-sized entity but applies the requirements of a small-sized entity in its annual report.

Since the Company qualifies as a micro-sized entity, it is consequently not required to have its accounts audited. However, the management has preferred to opt for a voluntary audit for the Company.

The Company has made use of the exemption in not presenting a Managing Directors' report.

In view of the international operations of the group of which the Company forms part, the annual accounts have been drawn up in Euro.

**Disclosure of going concern**

Despite the accumulated deficit and loss for the year, Management is confident the Company is able to continue as a going concern, considering its overall equity position. Currently there are no plans to sell the shares of or any assets of the Company.

These financial statements have been prepared based on going concern basis. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

We have assessed the Group's and the Company's ability to continue as going concern, taking into account all relevant information about the future on the Company's activities and cash flows, which covers a period of at least, but not limited to, 12 months from the balance sheet date. Accordingly, Management is confident the Company is able to continue as a going concern.

**Disclosure of estimates**

In applying the principles and policies for drawing up the financial statements, the directors of the Company make different estimates and judgments that may be essential to the amounts disclosed in the annual accounts. If it is necessary in order to provide the transparency required under Book 2, Article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the change accounting estimates, or in the notes to the relevant balance sheet or profit and loss item.

**The exemption of consolidation**

Consolidation has not taken place since the Company makes use of Article 408, Part 9, Book 2 of the Dutch Civil Code and consequently will file the consolidated financial statements of its parent company Thermax Limited, Chinchwad Pune, India with the commercial register in the Netherlands.

## General accounting principles

**The accounting standards used to prepare the financial statements**

The annual accounts have been drawn up in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands, as published by the Dutch Accounting Standards Board.

**Conversion of amounts denominated in foreign currency**

All monetary assets and liabilities expressed in currencies other than Euro ('EUR') have been translated at the rates of exchange prevailing at the balance sheet date, whereas non-monetary assets expressed in currencies other than EUR are translated at historical rates. All transactions in foreign currencies have been translated into EUR at the rates of exchange approximating those ruling at the date of the transactions. Resulting exchange differences have been recognised in the profit and loss account.

**instruments**

Financial instruments comprise other receivables, cash and cash equivalents, payables to group company, and trade and other payables. With the exception of cash and cash equivalents, financial instruments are initially measured at fair value, which includes attributable transaction costs. Subsequent to initial measurement, these items are stated at amortised cost. Cash and cash equivalents are measured at nominal value.

Unless otherwise stated, all assets and liabilities are valued at historical cost.

## Accounting principles

**Financial assets**

Investments in participations are stated at the lower of the historical cost or the net realisable value. Income from participations is recognised only to the extent of dividends declared.

**Impairment of financial assets**

On each balance sheet date the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash- generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use.

An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

**Cash and cash equivalents**

Cash and cash equivalents represent cash in hand, bank balances and deposits with terms of less than twelve months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

**Accounting principles for determining the result**

The result is the difference between the realisable value of any income received and the costs and other charges incurred during the year. The results on transactions are recognised in the year in which they are realised.

**General and administrative expenses**

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

**Income tax expense**

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

**1 Investment in participation**

At balance sheet date, the Company owned 100% in Thermax Denmark ApS, Herning, Denmark (2021/2022: 100%).

The movements in this balance during the year under review are as follows:

**Thermax Denmark ApS, Herning, Denmark (100%)**

| | **01-04-2022 / 31-03-2023** | 01-04-2021/ 31-03-2022 |
|---|---|---|
| | **EUR** | EUR |
| Balance as at 1 April | **3,246,306** | 1,736,306 |
| Investments | **-** | 1,510,000 |
| **Balance as at 31 March** | **3,246,306** | 3,246,306 |

Thermax Denmark ApS is a holding company and holds shares in Danstoker A/S, Boilerworks A/S, and Ejendomsanpartsselskabet Industrivej Nord 13, all of which are registered in Denmark.

Thermax Denmark ApS was incorporated on 29 October 2010. On 8 November 2010, the Company subscribed for 74,920,000 newly issued shares in Thermax Denmark ApS with a nominal value of DKK 1 each. The total consideration involved was EUR 20,000,000.

On 22 June 2011, the Company acquired the remaining 80,000 shares in Thermax Denmark ApS with a nominal value of DKK 1 each, rendering its total shareholding in the participation to 100%. The total consideration involved was EUR 21,767.

Additional investments in this participation have taken place since then, as follows:

- Investment of EUR 2,000,000 on 19 April 2017.
- Investment of EUR 5,400,000 on 11 March 2019.
- Investment of EUR 2,850,000 on 13 July 2020.
- Investment of EUR 1,010,000 on 9 April 2021.
- Investment of EUR 500,000 on 16 September 2021.

The total amount invested in the participation as at 31 March 2023 was EUR 31,781,767 (31 March 2022: EUR 31,781,767).

Every financial year Management compares the carrying amount of the investment in Thermax Denmark ApS with its recoverable amount based on future cash flows. No impairment indicators were identified during the financial year ended 31 March 2023.

During the financial year ended 31 March 2019, an impairment of EUR 19,231,767 was levied on this investment in view of its recoverable amount being lower than the cost value at balance sheet date. During the financial year ended 31 March 2021, an impairment of EUR 9,303,694 was levied on this investment in view of its recoverable amount being lower than the cost value at balance sheet date.

**2 Cash and cash equivalents**

The Company maintains a bank account denominated in EUR with Citibank N.A., the balance of which is available on demand.

**3 Shareholder's equity**

The Company's issued and fully paid-up share capital as at 31 March 2023 amounted to EUR 32,410,000, consisting of 32,410,000 shares of EUR 1 each (31 March 2022: 32,410,000 shares at EUR 1 each).

The movements in shareholder's equity during the year under review were as follows:

| | Paid-in and called-up share capital | Accumulated results | Result for the year | Total |
|---|---|---|---|---|
| | EUR | EUR | EUR | EUR |
| Balance as at 1 April 2022 | 32,410,000 | (28,994,132) | (64,074) | 3,351,794 |
| Result for the year | - | - | (91,793) | (91,793) |
| Appropriation of prior year result | - | (64,074) | 64,074 | - |
| **Balance as at 31 March 2023** | **32,410,000** | **(29,058,206)** | **(91,793)** | **3,260,001** |

The Company amended its articles of association on 30 March 2021 by a Deed of Amendment in order to change its authorised share capital from 30,000,000 shares of EUR 1 each to unlimited authorised capital in accordance with current Dutch legislation.

**Statement of the proposed appropriation of the result**

Management proposes that the result for the year will be added to the accumulated results. This proposal has not yet been reflected in the balance sheet.

**4 Trade payables**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **EUR** | EUR |
| Trade creditors | **33,452** | 28,114 |

Trade payables include an amount of EUR 3,185 due to Thermax Limited, the shareholder of the Company.

**5 Accrued expenses**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **EUR** | EUR |
| Accrued tax advisory fees | **12,342** | 3,086 |
| Accrued audit fees | **30,500** | 3,500 |
| | **42,842** | 6,586 |

The accrued audit fees as at 31 March 2023 include fees for two years, namely the current and previous financial year.

**6 General and administrative expenses**

| | 1-4-2022/ 31-03-2023 | 1-4-2021/ 31-03-2022 |
|---|---|---|
| | EUR | EUR |
| General and administrative expenses | **92,581** | 64,074 |

**General and administrative expenses**

| | 1-4-2022/ 31-03-2023 | 1-4-2021/ 31-03-2022 |
|---|---|---|
| | EUR | EUR |
| Management fee | 6,050 | 5,400 |
| Accounting fees | 38,722 | 44,718 |
| Audit fees | 30,185 | 2,217 |
| Tax advisory fees | 16,054 | 3,848 |
| Notarial expenses | - | 5,346 |
| Bank charges | 1,570 | 2,545 |
| | **92,581** | **64,074** |

**7 Other interest and similar income**

| | 1-4-2021/ 31-03-2022 | 1-4-2020/ 31-03-2021 |
|---|---|---|
| | EUR | EUR |
| Received bank interest | 788 | - |

**Disclosure of income tax expense**

At balance sheet date the Company had accumulated losses carried forward of EUR 29,058,206 (2021/2022: EUR 28,994,132). Considering it is not probable that future taxable profits will be available against which they can be utilised, a deferred tax asset has not been recognised in this respect.

**Other notes**

**Average number of employees**

Disclosure of average number of employees during the period

During the year ending 31 March 2023 no employees were employed (2022: nil).

**Remuneration of managing and supervisory directors**

Disclosure of remuneration of managing and supervisory directors

The Company has two directors (2021/2022: two). Effective as of the 27th of September 2022, Mr. Rajendran Arunachalam resigned as managing director B of the Company. Mr. Swapnil Vitthal Dhumane was appointed as managing director B of the Company as of the same date.

During the year under review TMF Netherlands B.V. invoiced the Company EUR 44,772 (2021/2022: EUR 50,118), which amongst other services rendered, includes the fees for them acting as Director A of the Company.

The Company has no Supervisory Directors.

**Subsequent events**

Disclosure of subsequent events

To date, no subsequent events have occurred which may have an effect on the financial position of the Company after balance sheet date of 31 March 2023.

Amsterdam, July 18, 2023

| | |
|---|---|
| TMF Netherlands B.V. | Mr. Swapnil Vitthal Dhumane |
| Director A | Director B |

**Statutory provision regarding appropriation of result**

Under the restriction that Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal and / or statutory reserves, the remaining reserves and unappropriated results are, in accordance with article 26 of the Company's articles of association, at the disposal of the General Meeting of the Shareholder.

Management proposes that the result for the year will be added to the accumulated results. This proposal has not yet been reflected in the balance sheet.

**Independent auditor's report**

The independent auditor's report of the Company's auditor is set forth on the next pages of the annual report.

## Balance sheet as at 31 March, 2023

*(Before appropriation of result)*

| | Note No | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | **Euro** | **Rs Lacs** | **Euro** | Rs Lacs |
| **NON CURRENT ASSETS:** | | | | | |
| **Financial assets:** | | | | | |
| Participations in group companies | 1 | **3,246,306** | **2,891.12** | 3,246,306 | 2,722.32 |
| **CURRENT ASSETS:** | | | | | |
| **Receivable** | | | | | |
| Prepaid expenses | | **18,567** | **16.54** | 16,153 | 13.55 |
| **Cash and cash Equivalents** | 2 | **71,422** | **63.61** | 124,035 | 104.01 |
| | | **3,336,295** | **2,971.26** | 3,386,494 | 2,839.88 |
| **SHAREHOLDER'S EQUITY AND LIABILITIES** | | | | | |
| **SHAREHOLDERS' EQUITY:** | 3 | | | | |
| Paid-in and called-up share capital | | **32,410,000** | **28,863.91** | 32,410,000 | 27,178.67 |
| Accumulated result | | **(29,058,206)** | **(25,878.84)** | (28,994,132) | (24,314.16) |
| Result for the year | | **(91,793)** | **(81.75)** | (64,074) | (53.73) |
| | | **3,260,001** | **2,903.31** | 3,351,794 | 2,810.78 |
| **Short-term liabilities** | | | | | |
| Trade creditors | 4 | **33,452** | **29.79** | 28,114 | 23.58 |
| Accruals expenses | 5 | **42,842** | **38.15** | 6,586 | 5.52 |
| | | **76,294** | **67.95** | 34,700 | 29.10 |
| | | **3,336,295** | **2,971.26** | 3,386,494 | 2,839.88 |

Exchange Rate as on 31 March 2023 is 1 Euro = 89.0586

Exchange Rate as on 31 March 2022 is 1 Euro = 85.7375

## Profit and loss account for the year ended March 31, 2023

| | Note No | 01-04-22/31-3-2023 | | 01-04-21/31-3-2022 | |
|---|---|---|---|---|---|
| | | **Euro** | **Rs Lacs** | Euro | Rs Lacs |
| General and administration expenses | 6 | **(92,581)** | **(82.45)** | (64,074) | (53.73) |
| **Net Operating result** | | **(92,581)** | **(82.45)** | (64,074) | (53.73) |
| Other Interest and Similar income | 7 | **788** | **0.70** | - | - |
| **Total of result before tax** | | **(91,793)** | **(81.75)** | (64,074) | (53.73) |
| Taxation | | - | - | - | - |
| **Net result after taxation** | | **(91,793)** | **(81.75)** | (64,074) | (53.73) |

## Statement of Changes in Equity for the period ended March 31, 2023

| | Issued share capital | | Accumulated results | | Result for the year | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **Euro** | **Rs Lacs** | **Euro** | **Rs Lacs** | **Euro** | **Rs Lacs** | **Euro** | **Rs Lacs** |
| **Balance as at 1 April 2022** | 32,410,000 | 28,863.91 | (28,994,132) | (25,821.78) | (64,074) | (57.06) | 3,351,794 | 2,985.06 |
| Result for the year | - | - | - | - | (91,793) | (81.75) | (91,793) | (81.75) |
| Appropriation of result | - | - | (64,074) | (57.06) | 64,074 | 57.06 | - | - |
| **Balance as at 31 March 2023** | **32,410,000** | **28,863.91** | **(29,058,206)** | **(25,878.84)** | **(91,793)** | **(81.75)** | **3,260,001** | **2,903.31** |

# THERMAX NETHERLANDS B.V.

## Cash flow statement for the period 01-04-2022 until 31-03-2023

| | **01-04-21/31-3-2023** | | 01-04-20/31-3-2022 | |
|---|---|---|---|---|
| | **Euro** | **Rs Lacs** | Euro | Rs Lacs |
| **Total of cash flows (used in) from Operating activities** | | | | |
| Operating results | **(92,581)** | **(82.45)** | (64,074) | (53.73) |
| Changes in working capital: | | | | |
| (Increase) decrease in receivables | **(2,414)** | **(2.15)** | (1,641) | (1.38) |
| (Decrease) increase in payables | **41,594** | **37.04** | (64,223) | (53.86) |
| Interest received | **788** | **0.70** | - | - |
| **Total of cash flows (used in) from Operating activities** | **(52,613)** | **(46.86)** | (129,938) | (108.96) |
| **Total of cash flows (used in) from Investment activities** | | | | |
| Investments in Participation | **-** | **-** | (1,510,000) | (1,266.27) |
| **Total of cash flows (used in) from Financing activities** | | | | |
| Capital contributions received | **-** | **-** | 1,660,000 | 1,392.06 |
| **Total of increase (decrease) in cash and cash equivalents** | **(52,613)** | **(46.86)** | 20,062 | 16.82 |
| **Movement in cash and cash equivalents** | | | | |
| Cash and cash equivalents at the beginning of the period | **124,035** | **110.46** | 103,973 | 87.19 |
| Increase (decrease) in cash and cash equivalents | **(52,613)** | **(46.86)** | 20,062 | 16.82 |
| Cash and cash equivalents at the end of the period | **71,422** | **63.61** | 124,035 | 104.01 |

# THERMAX DENMARK APS

| ***Board of Directors*** | ***Registered Office*** | ***Auditors*** | ***Bankers*** |
|---|---|---|---|
| Mahesh Channakeshaviah Bukinkere<br>Swapnil Vitthal Dhumane | Industrivej Nord 13<br>DK-7400 Herning | Ernst & Young<br>Godkendt Revisionspartnerselskab<br>Havnegade 33<br>DK 6700 Esbjerg. | Citi Bank |

## Management Statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Thermax Denmark ApS for the financial year 1 April 2022 - 31 March 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 March 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Herning, 4 July 2023

**Executive Board:**

Swapnil Vitthal Dhumane

**Board of Directors:**

Mahesh Channakeshaviah Bukinkere
Chairman

**Independent Auditor's Report**

**To the shareholder of Thermax Denmark ApS**

**Opinion**

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thermax Denmark ApS for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our report.

**Independence**

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements**

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group´s and the Parent 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 in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Parent Company Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company 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, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent Company´s internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company 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 Group´s and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

**Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Esbjerg, 4 July 2023

**EY**

Godkendt Revisionspartnerselskab

*CVR No 30 70 02 28*

| | |
|---|---|
| Morten Østergaard Koch | Claes J ensen |
| State Authorised Public | State Authorised Public |
| Accountant mne35420 | Accountant mne44108 |

**Company Information**

| | |
|---|---|
| Name | Thermax Denmark ApS |
| Address, Postal code, City | Industrivej Nord 13, DK 7400 Herning |
| CVR no. | 33 25 57 48 |
| Incorporated | 29 October 2010 |
| Municipality of reg. office. | Herning |
| Financial year | 1 April 2022 - 31 March 2023 |
| Board of Directors | Mahesh Channakeshaviah Bukinkere, Chairman |
| Executive Board | Swapnil Vitthal Dhumane |
| Auditors | EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark |

## Group Chart

| Company | Residence | Ownership |
|---|---|---|
| Thermax Denmark ApS | Herning, Denmark | |
| Ejendomsanpartsselskabet Industrivej Nord 13 | Herning, Denmark | 100 |
| Boilerworks A/S | Herning, Denmark | 100 |
| Danstoker A/S | Herning, Denmark | 100 |
| Danstoker Poland Sp. Z.o.o. | Ostrowiec, Poland | 100 |

## Financial highlights for the Group

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

| DKKm | 2022/ 23 | 2021/ 22 | 2020/ 21 | 2019/ 20 | 2018/19 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Gross profit/loss | 33 | 38 | 10 | 24 | -31 |
| Profit/loss of ordinary primary operations | 4 | 8 | -39 | -29 | -84 |
| Profit/loss of financial income and expenses | -2 | -2 | -2 | -3 | -4 |
| Profit/loss before tax | 2 | 6 | -40 | -30 | -88 |
| Net profit/loss | 2 | 5 | -38 | -26 | -82 |
| **Balance sheet** | | | | | |
| Balance sheet total | 164 | 143 | 142 | 181 | 206 |
| Investment in property, plant and equipment | 2 | 1 | 0 | 1 | 6 |
| Equity | 31 | 28 | 19 | 29 | 57 |
| **Cash flows** | | | | | |
| Cash flows from: | | | | | |
| - operating activities | 17 | -3 | -22 | -14 | -1 |
| - investing activities | -2 | -1 | -2 | 3 | -10 |
| - financing activities | -9 | 2 | 25 | 9 | 32 |
| Change in cash and cash equivalents for the year | 6 | -2 | 1 | -2 | 21 |
| Number of employees | 219 | 212 | 253 | 281 | 255 |
| **Ratios** | | | | | |
| Solvency ratio | 18.9% | 19.6% | 13.4% | 16.0% | 27.7% |
| Return on equity | 6.8% | 21.9% | 160.0% | -60.5% | -105.1% |

## Management Review

**Key Activities**

Thermax Denmark ApS is a wholly owned subsidiary of Thermax Netherlands B.V., which in turn is wholly owned by Thermax Ltd., an Indian publicly listed company. The ultimate holding company of Thermax Ltd. is RDA Holdings Private Limited, Pune, India.

The main activity of the company is owning shares in the fully-owned subsidiaries Danstoker A/S, Boilerworks A/S and Ejendomsanpartssselskabet Industrivej Nord 13 (estate company). All operational activities take place within these respective subsidiaries.

Danstoker A/S is the parent company of Danstoker Poland Sp. Z o.o.

The primary activities within Thermax as under the label of Danstoker. The Danstoker Group designs, produces and sells boilers and relevant equipment to the energy market, including rebuilding and servicing of boilers. The product range of the Danstoker Group is continuously adapted to the 4 energy categories:

1. Solid fuel market, mainly based biofuels
2. Combined heat and power market
3. Exhaust gas market
4. Oil/gas market

The activity of "Ejendomsanpartsselskabet Industrivej Nord 13" is to own and lease estate. The service activities in Boilerworks were sold at 1st November 2020. Only few projects need to be finally closed.

**Development in the year**

The income statement of the Group for 2022/23 shows a profit of TDKK 2,453, and at 31 March 2023 the balance sheet of the Group shows positive equity of TDKK 30,833.

Danstoker A/S has as many others been highly impacted by the war in Ukraine. The war resulted in a very high increase in steel and energy prices which impacted the backlog profitability of Danstoker. Order booking has been very fine, but the war resulted also in difficulties in finding skilled welders as all Ukraine welders working in Europe was ordered back to Ukraine to take part in the war and at the same time Oil/Gas sector and re-commissioning of old mothballed power plants to become independent of Russian gas also required many welders.

Our production in both Herning and Ostrowiec has been running throughout the year but with lower capacity due to above mentioned impact from the war. This has resulted in issues with on time delivery.

The 1st half of the year result was especially impacted by the higher steel and energy prices.

Order intake has been increasing all year especially within the solid fuel market. There is a high demand for biomass fired plants to substitute gas fired plants. Present backlog is the biggest in Danstokers history and with orders booked with delivery as far out as in 2025.

Danstoker has been able to maintain its position as the absolute marketleader within mediumsized biofuel boilers in Scandinavia. 54% of the turnover is within this segment.

Within the market segment of oil and gasfired boilers, Danstoker has maintained its position in the primary markets, and with the setup in Poland we are in the process of developing a stronger position in the eastern part of Europe. 21% of the turnover is within this segment.

The waste heat recovery boiler market consists primarily of stainless-steel economizers and is 9% of turnover.

The market segments for electrical boilers are expected to increase significantly over the coming years. For now, it represents 4% of turnover.

The market for Service of boilers has maintained its level of 12% of turnover.

Compared to last year the revenue has increased with 23% due to positive development in 2nd half of 2022/23. The achieved results of the primary operation are below expectations.

Also, the Polish facility have had higher activity than last year and are up with 35%. Order intake has during the year been higher than budget and is up with 52% compared to budget.

Profit for the year before tax amounts to DKK 1,996 thousand and after-tax amounts to DKK 2,056 thousand. The total number of employees by end of financial year is 105 in Denmark and 112 in Poland.

Management is aware that the Company is subject to the capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through future earnings.

**Targets and expectations for the year ahead**

The overall volume of orders of the Danstoker Group at the end of the financial year is very satisfactory.

It is the aim of the Danstoker Group to create 2 profitable, strong sales and production companies in Danstoker A/S and Danstoker Poland Sp. z o.o., all as an attractive workplace with competent employees, based on competitive products sold to professional cooperation partners and customers in selected markets where such products are supplied in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilization of the production facilities.

It is not yet known to what extent the war in Ukraine will continue to impact the company. For now, we see very good order booking in the biomass segment as there is a high focus to move away from gas fired plants, even that the gas prices have come down again. However, Danstoker Group will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

Besides the above mentioned the Management of the Group is of the opinion that it is not faced with special long-term risks, neither in terms of its markets, nor otherwise.

With all the initiatives taken the profit before tax for the financial year 2023/24 is expected to be within 5 – 10 mDKK.

**External environment**

The growing, necessary, political focus on CO2 on a global scale will in the long term contribute to making our CO2neutral products within biofuels and electrical boilers even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Danstoker A/S is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Company. The Company has no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations. Danstoker A/S holds a ISO 14001 certificate.

Danstoker A/S has decided for the coming years to focus on 4 of United Nations Sustainable Development Goals: "7 Affordable and clean energy", "9 Industry, Innovation and infrastructure", "12 Responsible consumption and production" and "13 Climate action"

In the coming period the Company will have special attention to reduce the consumption of energy during manufacturing, optimizing the design to reduce material use and better waste management to recycle more material. Furthermore, will a project be started with the local university with focus on mental health in Danstoker.

**Uncertainty relating to recognition and measurement**

There has been no uncertainty regarding recognition and measurement in the Annual Report.

**Unusual events**

The financial position at 31 March 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022/23 have not been affected by any unusual events.

**Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# THERMAX DENMARK APS

## Consolidated financial statements and parent company financial statements for the period 1 April 2022 - 31 March 2023

### Balancesheet

| | Notes | 2022/23 | | 2021/22 | | 2022/23 | | 2021/22 | |
|---|---|---|---|---|---|---|---|---|---|
| | | **Consolidated** | | Consolidated | | **Parent Company** | | Parent Company | |
| | | **DKK'000** | **Rs. Lacs** | DKK'000 | Rs. Lacs | **DKK'000** | **Rs. Lacs** | DKK'000 | Rs. Lacs |
| **ASSETS** | | | | | | | | | |
| **Fixed Assets** | | | | | | | | | |
| **Intangible assets** | 6 | | | | | | | | |
| Completed Development Projects | | **-** | **-** | 483 | 54.46 | **-** | **-** | - | - |
| Licences, software | | **84** | **10.05** | 514 | 57.96 | **-** | **-** | - | - |
| Goodwill | | **-** | **-** | - | - | **-** | **-** | - | - |
| | | **84** | **10.05** | 997 | 112.42 | **-** | **-** | - | - |
| **Property, plant and equipment** | 7 | | | | | | | | |
| Land and buildings | | **37,134** | **4,440.89** | 38,215 | 4,309.09 | **-** | **-** | - | - |
| Plant and machinery | | **4,453** | **532.54** | 5,030 | 567.18 | **-** | **-** | - | - |
| Other fixtures and fittings, tools and equipment | | **199** | **23.80** | 349 | 39.35 | - | - | - | - |
| | | **41,786** | **4,997.23** | 43,594 | 4,915.62 | **-** | **-** | - | - |
| **Investments** | 8 | | | | | | | | |
| Investments in group enterprises | | - | - | - | - | **71,231** | **8,518.59** | 67,786 | 7,643.48 |
| | | - | - | - | - | **71,231** | **8,518.59** | 67,786 | 7,643.48 |
| **Total fixed assets** | | **41,870** | **5,007.28** | 44,591 | 5,028.04 | **71,231** | **8,518.59** | 67,786 | 7,643.48 |
| **Current assets** | | | | | | | | | |
| **Inventories** | | | | | | | | | |
| Raw materials and consumables | | **32,615** | **3,900.46** | 22,663 | 2,555.46 | **-** | **-** | - | - |
| Work in progress | | **2,888** | **345.38** | 2,816 | 317.53 | **-** | **-** | - | - |
| Finished goods and goods for resale | | **1,468** | **175.56** | 1,091 | 123.02 | - | - | - | - |
| | | **36,971** | **4,421.40** | 26,570 | 2,996.01 | **-** | **-** | - | - |
| **Receivables** | | | | | | | | | |
| Trade receivables | | **12,383** | **1,480.90** | 18,589 | 2,096.08 | **-** | **-** | - | - |
| Contract in progress | 9 | **59,626** | **7,130.73** | 45,148 | 5,090.84 | **-** | **-** | - | - |
| Receivables from group enterprises | | **607** | **72.59** | 1,143 | 128.88 | **903** | **107.99** | 4,320 | 487.12 |
| Deferred Tax assets | 11 | **-** | **-** | - | - | **502** | **60.03** | 380 | 42.85 |
| Corporation tax receivable from group companies | | **92** | **11.00** | 39 | 4.40 | **92** | **11.00** | 39 | 4.40 |
| Other receivables | | **2,791** | **333.78** | 3,291 | 371.09 | **-** | **-** | - | - |
| Prepayments | 10 | **1,337** | **159.89** | 1,167 | 131.59 | **-** | **-** | - | - |
| | | **76,836** | **9,188.89** | 69,377 | 7,822.88 | **1,497** | **179.03** | 4,739 | 534.36 |
| **Cash at bank and in hand** | | **8,258** | **987.58** | 2,305 | 259.91 | **160** | **19.13** | 178 | 20.07 |
| **Total non-fixed assets** | | **122,065** | **14,597.88** | 98,252 | 11,078.80 | **1,657** | **198.16** | 4,917 | 554.44 |
| **Total assets** | | **163,935** | **19,605.15** | 142,843 | 16,106.83 | **72,888** | **8,716.75** | 72,703 | 8,197.92 |

| | NOTE | 2022/23 Consolidated DKK'000 | 2022/23 Consolidated Rs. Lacs | 2021/22 Consolidated DKK'000 | 2021/22 Consolidated Rs. Lacs | 2022/23 Parent Company DKK'000 | 2022/23 Parent Company Rs. Lacs | 2021/22 Parent Company DKK'000 | 2021/22 Parent Company Rs. Lacs |
|---|---|---|---|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | | | | | |
| **Equity** | | | | | | | | | |
| Share capital | | **130,000** | **15,546.83** | 130,000 | 14,658.67 | **130,000** | **15,546.83** | 130,000 | 14,658.67 |
| Reserve for exchange rate conversion | | **(921)** | **(110.14)** | (946) | (106.67) | **-** | **-** | - | - |
| Hedging reserve | | **948** | **113.37** | 620 | 69.91 | **-** | **-** | - | - |
| Retained earnings | | **(99,194)** | **(11,862.71)** | (101,647) | (11,461.61) | **(99,167)** | **(11,859.48)** | (101,973) | (11,498.37) |
| **Total equity** | | **30,833** | **3,687.35** | 28,027 | 3,160.30 | **30,833** | **3,687.35** | 28,027 | 3,160.30 |
| **Provisions** | | | | | | | | | |
| Deferred tax | 11 | **901** | **107.75** | 762 | 85.92 | **-** | **-** | - | - |
| Other provisions | 12 | **1,251** | **149.61** | 1,816 | 204.77 | **-** | **-** | - | - |
| **Total provisions** | | **2,152** | **257.36** | 2,578 | 290.69 | **-** | **-** | - | - |
| **Liabilities other than provisions** | | | | | | | | | |
| **Non-current liabilities other than provisions** | 13 | | | | | | | | |
| Mortgage loans | | **6,257** | **748.28** | 7,706 | 868.92 | **-** | **-** | - | - |
| Payable to group enterprises | | **-** | **-** | 22,314 | 2,516.10 | **-** | **-** | - | - |
| Lease liabilites | | **964** | **115.29** | 909 | 102.50 | **-** | **-** | - | - |
| | | **7,221** | **863.57** | 30,929 | 3,487.52 | **-** | **-** | - | - |
| **Current liabilities other than provisions** | | | | | | | | | |
| Mortgage loans | 13 | **1,449** | **173.29** | 1,448 | 163.28 | **-** | **-** | - | - |
| Credit institutions | | **4,537** | **542.58** | 12,262 | 1,382.65 | **-** | **-** | - | - |
| Lease liabilites | 13 | **657** | **78.57** | 844 | 95.17 | **-** | **-** | - | - |
| Contract in progress | 9 | **34,389** | **4,112.62** | 14,849 | 1,674.36 | **-** | **-** | - | - |
| Trade payables | | **34,290** | **4,100.78** | 21,888 | 2,468.07 | **-** | **-** | - | - |
| Payable to group enterprises | | **25,628** | **3,064.88** | 2,279 | 256.98 | **41,979** | **5,020.31** | 44,620 | 5,031.31 |
| Other payables | 14 | **22,779** | **2,724.16** | 27,739 | 3,127.82 | **76** | **9.09** | 56 | 6.31 |
| | | **123,729** | **14,796.88** | 81,309 | 9,168.32 | **42,055** | **5,029.40** | 44,676 | 5,037.62 |
| **Total liabilities other than provisions** | | **130,950** | **15,660.44** | 112,238 | 12,655.84 | **42,055** | **5,029.40** | 44,676 | 5,037.62 |
| **Total equity and liabilities** | | **163,935** | **19,605.15** | 142,843 | 16,106.83 | **72,888** | **8,716.75** | 72,703 | 8,197.92 |

| | |
|---|---|
| Contingent assets, liabilities and other financial obligations | 17 |
| Related parties | 18 |
| Subsequent events | 19 |
| Accounting Policies | 20 |

Exchange rate: as at 31 March 2023 is 1 DKK = Rs 11.9591
Exchange rate: as at 31 March 2022 is 1 DKK = Rs 11.2759

## Income Statement

| | Notes | 2022/23 Consolidated DKK'000 | 2022/23 Consolidated Rs. Lacs | 2021/22 Consolidated DKK'000 | 2021/22 Consolidated Rs. Lacs | 2022/23 Parent Company DKK'000 | 2022/23 Parent Company Rs. Lacs | 2021/22 Parent Company DKK'000 | 2021/22 Parent Company Rs. Lacs |
|---|---|---|---|---|---|---|---|---|---|
| **Gross profit** | | **32,627** | **3,901.90** | 38,311 | 4,319.91 | **-** | **-** | - | - |
| Distribution costs | | **(9,781)** | **(1,169.72)** | (16,665) | (1,879.13) | **-** | **-** | - | - |
| Administrative expenses | 1 | **(18,470)** | **(2,208.85)** | (13,656) | (1,539.84) | **(144)** | **(17.22)** | (123) | (13.87) |
| **Profit/loss before net financials** | | **4,376** | **523.33** | 7,990 | 900.94 | **(144)** | **(17.22)** | (123) | (13.87) |
| Income from investments in subsidiaries | | **-** | **-** | - | - | **2,922** | **349.44** | 5,409 | 609.91 |
| Financial income | 2 | **363** | **43.41** | 584 | 65.85 | **104** | **12.44** | - | - |
| Financial expenses | 3 | **(2,224)** | **(265.97)** | (2,782) | (313.70) | **(561)** | **(67.09)** | (293) | (33.04) |
| Profit before tax | | **2,515** | **300.77** | 5,792 | 653.10 | **2,321** | **277.57** | 4,993 | 563.01 |
| **Tax on profit for the year** | 4 | **(62)** | **(7.41)** | (657) | (74.08) | **132** | **15.79** | 142 | 16.01 |
| **Profit for the year** | 5 | **2,453** | **293.36** | 5,135 | 579.02 | **2,453** | **293.36** | 5,135 | 579.02 |

# THERMAX DENMARK APS

## Statement of Changes in Equity for the period 1st April 2022 to 31st March 2023

### Consolidated

| | Share capital | | Reserve for hedging transactions | | Reserve for exchange rate conversion | | Retained earnings | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| Equity at 1 April 2022 | 130,000 | 15,546.83 | 620 | 74.15 | (946) | (113.13) | (101,647) | (12,156.07) | 28,027 | 3,351.78 |
| Exchange adjustments | - | - | - | - | 25 | 2.99 | - | - | 25 | 2.99 |
| Fair value adjustment of hedging instruments, end of year | - | - | 421 | 50.35 | - | - | - | - | 421 | 50.35 |
| Tax on adjustment of hedging instruments for the year | - | - | (93) | (11.12) | - | - | - | - | (93) | (11.12) |
| Other equity movements | - | - | - | - | - | - | - | - | - | - |
| Net profit/loss for the year | - | - | - | - | - | - | 2,453 | 293.36 | 2,453 | 293.36 |
| **Equity at 31 March 2023** | **130,000** | **15,546.83** | **948** | **113.37** | **(921)** | **(110.14)** | **(99,194)** | **(11,862.71)** | **30,833** | **3,687.35** |

### Parent Company

| | Share capital | | Retained earnings | | Total | |
|---|---|---|---|---|---|---|
| | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| Equity at 1st April 2022 | 130,000 | 15,546.83 | (101,973) | (12,195.05) | 28,027 | 3,351.78 |
| Exchange adjustments relating to foreign entities | - | - | (14) | (1.67) | (14) | (1.67) |
| Other equity movements | - | - | 367 | 43.89 | 367 | 43.89 |
| Net profit/loss for the year | - | - | 2,453 | 293.36 | 2,453 | 293.36 |
| **Equity at 31 March 2023** | **130,000** | **15,546.83** | **(99,167)** | **(11,859.48)** | **30,833** | **3,687.35** |

## Cash flow statement

| | Note | 2022/23 | | 2021/22 | |
|---|---|---|---|---|---|
| | | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| Profit / loss for the year | | **2,453** | **293.36** | 5,135 | 579.02 |
| Adjustments | 15 | **6,227** | **744.69** | 7,208 | 812.77 |
| Changes in working capital | 16 | **10,066** | **1,203.80** | (12,969) | (1,462.37) |
| **Cash flows from operations before financial items** | | **18,746** | **2,241.85** | (626) | (70.59) |
| Financial income | | **363** | **43.41** | 584 | 65.85 |
| Financial expenses | | **(2,224)** | **(265.97)** | (2,782) | (313.70) |
| **Cash flows from ordinary activities** | | **16,885** | **2,019.29** | (2,824) | (318.43) |
| Corporation tax paid | | **(69)** | **(8.25)** | (425) | (47.92) |
| **Cash flows from operating activities** | | **16,816** | **2,011.04** | (3,249) | (366.35) |
| Acquisition of intangible asset | | **(185)** | **(22.12)** | - | - |
| Acquisition of property, plant and equipment | | **(1,713)** | **(204.86)** | (980) | (110.50) |
| Disposal of property, plant and equipment | | **340** | **40.66** | 344 | 38.79 |
| **Cash flows from investing activities** | | **(1,558)** | **(186.32)** | (636) | (71.71) |
| Repayment of mortgage loans | | **(1,448)** | **(173.17)** | (1,448) | (163.28) |
| Reduction of lease obligations | | **(132)** | **(15.79)** | (477) | (53.79) |
| Proceeds of debt, group enterprises | | **-** | **-** | 22,314 | 2,516.10 |
| Repayment of payables to group enterprises | | **-** | **-** | - | - |
| Repayments, long term liabilities | | | **-** | - | - |
| Repayments, debt to credit institutions | | **(7,725)** | **(923.84)** | (22,315) | (2,516.22) |
| Cash capital contribution | | **-** | **-** | 3,718 | 419.24 |
| **Cash flows from financing activities** | | **(9,305)** | **(1,112.79)** | 1,792 | 202.06 |
| **Net cash flow** | | **5,953** | **711.93** | (2,093) | (236.00) |
| Cash and cash equivalents at 1 April | | **2,305** | **275.66** | 4,398 | 495.91 |
| **Cash and cash equivalents at 31 March** | | **8,258** | **987.58** | 2,305 | 259.91 |

Exchange rate: as at 31 March 2023 is 1 DKK = Rs 11.9591
Exchange rate: as at 31 March 2022 is 1 DKK = Rs 11.2759

## Notes to the Financial Statements

### 1 Staff

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | TDKK | **TDKK** | TDKK |
| Wages and salaries | **72,627** | 65,643 | 0 | 0 |
| Pensions | **4,119** | 3,679 | **0** | 0 |
| Other social security expenses | **638** | 640 | **0** | 0 |
| | **77,384** | 69,962 | **0** | 0 |
| Including remuneration to the Executive Board and Board of Directors: | | | | |
| Executive board | **0** | 0 | **0** | 0 |
| Board of directors | **0** | 0 | **0** | 0 |
| | **0** | 0 | **0** | 0 |
| **Average number of employees** | **219** | 212 | **0** | 0 |

### 2 Financial income

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | TDKK | **TDKK** | TDKK |
| Interest received from group enterprises | **0** | 0 | **104** | 0 |
| Other financial income | **363** | 584 | **0** | 0 |
| | **363** | 584 | **104** | 0 |

### 3 Financial expenses

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | TDKK | **TDKK** | TDKK |
| Interest paid to group enterprises | **464** | 131 | **561** | 257 |
| Other financial expenses | **1,760** | 2,651 | **0** | 36 |
| | **2,224** | 2,782 | **561** | 293 |

### 4 Income tax expense

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | TDKK | **TDKK** | TDKK |
| Current tax for the year | **15** | -365 | **-10** | -52 |
| Deferred tax for the year | **47** | 1,022 | **-122** | -90 |
| | **62** | 657 | **-132** | -142 |

### 5 Profit allocation

| | Parent Company | |
|---|---|---|
| | **2022/ 23** | 2021/ 22 |
| | **TDKK** | TDKK |
| Retained earnings | **2,453** | 5,135 |
| | **2,453** | 5,135 |

### 6 Intangible fixed assets

| | Completed development projects | Acquired other similar rights | Goodwill |
|---|---|---|---|
| | TDKK | TDKK | TDKK |
| Cost at 1 April | 4,690 | 6,562 | 141,569 |
| Additions for the year | 0 | 185 | 0 |
| Disposals for the year | (3,134) | (2,644) | (2,116) |
| Cost at 31 March | 1,556 | 4,103 | 139,453 |
| Impairment losses and amortisation at 1 April | 4,207 | 6,048 | 141,569 |
| Amortisation for the year | 483 | 615 | 0 |
| Reversal of amortisation of disposals for the year | (3,134) | (2,644) | (2,116) |
| Impairment losses and amortisation at 31 March | 1,556 | 4,019 | 139,453 |
| **Carrying amount at 31 March** | **0** | **84** | **0** |

### 7 Property, plant and equipment

| | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment |
|---|---|---|---|
| | TDKK | TDKK | TDKK |
| Cost at 1 April | 50,892 | 18,584 | (169) |
| Exchange adjustment | (39) | (13) | 0 |
| Additions for the year | 0 | 1,513 | 200 |
| Disposals for the year | 0 | (298) | (91) |
| Transfers for the year | (125) | 125 | 2,055 |
| Cost at 31 March | 50,728 | 19,911 | 1,995 |
| Impairment losses and depreciation at 1 April | 12,678 | 13,555 | -518 |
| Exchange adjustment | (6) | (7) | 0 |
| Depreciation for the year | 1,297 | 1,833 | 350 |
| Reversal of impairment and depreciation of sold assets | 0 | (298) | -91 |
| Transfers for the year | (375) | 375 | 2,055 |
| Impairment losses and depreciation at 31 March | 13,594 | 15,458 | 1,796 |
| **Carrying amount at 31 March** | **37,134** | **4,453** | **199** |
| Including assets under finance leases amounting to | 0 | 1,463 | 0 |

### 8 Investments in subsidiaries

| | Parent Company | |
|---|---|---|
| | **2022/23** | **2021/22** |
| | **TDKK** | **TDKK** |
| Cost at 1 April | 298,896 | 298,896 |
| Cost at 31 March | 298,896 | 298,896 |
| Value adjustments at 1 April | (235,459) | (241,162) |
| Exchange adjustment | (14) | (81) |
| Net profit/loss for the year | 2,922 | 5,409 |
| Other equity movements, net | 368 | 375 |
| Value adjustments at 31 March | (232,183) | (235,459) |
| Equity investments with negative net asset value amortised over receivables | 4,518 | 4,349 |
| **Carrying amount at 31 March** | **71,231** | **67,786** |

# THERMAX DENMARK APS

Investments in subsidiaries are specified as follows

**Parent Company**

| Name | Place of registered office | Ownership |
|---|---|---|
| Danstoker A/S | Herning, Denmark | 100% |
| Danstoker Poland Sp. Z.o.o. | Poland, Ostrowiec | 100% |
| Ejendomsanpartsselskabet Industrivej Nord 13 | Herning, Denmark | 100% |
| Boilerworks A/S | Herning, Denmark | 100% |

**9 Contract work in progress**

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** | **TDKK** | **TDKK** |
| Selling price of work in progress | **233,240** | 200,414 | **0** | 0 |
| Payments received on account | **(208,003)** | (170,115) | **0** | 0 |
| | **25,237** | 30,299 | **0** | 0 |
| Recognised in the balance sheet as follows: | | | | |
| Contract work in progress recognised in assets | **59,626** | 45,148 | **0** | 0 |
| Prepayments received recognised in debt | **(34,389)** | (14,849) | **0** | 0 |
| | **25,237** | 30,299 | **0** | 0 |

**10 Prepayments**

Prepayments include accrual of expenses relating to subsequent financial years, insurance policies and other prepaid costs.

**11 Provision for deferred tax**

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** | **TDKK** | **TDKK** |
| Deferred tax liabilities at 1 April | **762** | 0 | **(380)** | (289) |
| Amounts recognised in the income statement for the year | **47** | 657 | **(122)** | (91) |
| Amounts recognised in equity for the year | **92** | 105 | **0** | 0 |
| **Deferred tax liabilities at 31 March** | **901** | 762 | **(502)** | (380) |

**12 Other provisions**

Other provisions consists of custom warranties, DKK 1.179 thousand (2021/22: DKK 1,744 thousand) and provision for guarantee obligations and other costs DKK 72 thousand (2021/22: DKK 72 thousand)

**13 Long-term debt**

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. The debt falls due for payment as specified below:

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** | **TDKK** | **TDKK** |
| **Mortgage loans** | | | | |
| After 5 years | **996** | 1,911 | **0** | 0 |
| Between 1 and 5 years | **5,261** | 5,795 | **0** | 0 |
| Long-term part | **6,257** | 7,706 | **0** | 0 |
| Within 1 year | **1,449** | 1,448 | **0** | 0 |
| | **7,706** | 9,154 | **0** | 0 |

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** | **TDKK** | **TDKK** |
| **Lease obligations** | | | | |
| After 5 years | **0** | 0 | **0** | 0 |
| Between 1 and 5 years | **964** | 909 | **0** | 0 |
| Long-term part | **964** | 909 | **0** | 0 |
| Within 1 year | **657** | 844 | **0** | 0 |
| | **1,621** | 1,753 | **0** | 0 |
| **Payables to group enterprises** | | | | |
| After 5 years | **0** | 0 | **0** | 0 |
| Between 1 and 5 years | **0** | 22,314 | **0** | 0 |
| Long-term part | **0** | 22,314 | **0** | 0 |
| Within 1 year | 0 | 0 | **0** | 0 |
| Other short-term debt to group enterprises | **25,628** | 2,279 | **41,979** | 44,620 |
| Short-term part | **25,628** | 2,279 | **41,979** | 44,620 |
| | **25,628** | 24,593 | **41,979** | 44,620 |

**14 Derivative financial instruments**

Derivative financial instruments contracts in the form of interest rate swaps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** | **TDKK** | **TDKK** |
| Fair value at year end | **-104** | (525) | **0** | 0 |
| Changes recognised in the hedging reserve | **421** | 477 | **0** | 0 |

The Company has entered into interest rate swap contracts concerning a loan amounting to totally DKK 4.940 thousand maturing in 2027. The interest rate swap has identical critical conditions to the loan and the Company uses cash flow hedging of the future interest payments.

Fair value is done on level 2.

**15 Cash flow statement - Adjustments**

| | Group | |
|---|---|---|
| | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** |
| Financial income | **(363)** | (584) |
| Financial expenses | **2,224** | 2,782 |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | **4,279** | 4,419 |
| Tax on profit/loss for the year | **62** | 657 |
| Exchange adjustments | **25** | 0 |
| Other adjustments | **0** | (66) |
| | **6,227** | 7,208 |

**16 Cash flow statement - Change in working capital**

| | Group | |
|---|---|---|
| | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** |
| Change in inventories | **(10,401)** | (7,352) |
| Change in receivables | **(7,406)** | 949 |
| Change in other provisions | **(565)** | (6,117) |
| Change in trade payables, etc | **28,017** | (929) |
| Fair value adjustments of hedging instruments | **421** | 480 |
| | **10,066** | (12,969) |

## 17 Contingent assets, liabilities and other financial obligations

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** | **TDKK** | **TDKK** |
| **Charges and security** | | | | |
| The following assets have been placed as security with mortgage credit institutes: | | | | |
| Land and buildings with a carrying amount of | **22,077** | 22,978 | **0** | 0 |
| **Rental and lease obligations** | | | | |
| Lease obligations under operating leases. Total future lease payments: | | | | |
| Within 1 year | **797** | 546 | **0** | 0 |
| Between 1 and 5 years | **1,242** | 436 | **0** | 0 |
| | **2,039** | 982 | **0** | 0 |

### Guarantee obligations

The Company has a recourse guarantee commitment for performance and advance guarantees in group- related companies, DKK 22,636 thousand.

### Other contingent liabilities

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest, and royalties.

## 18 Related parties and disclosure of consolidated financial statements

| **Controlling interest** | **Basis** |
|---|---|
| Thermax Netherlands B.V. | Owner |

### Transactions

| | Group | | Parent company | |
|---|---|---|---|---|
| | **2022/ 23** | 2021/ 22 | **2022/ 23** | 2021/ 22 |
| | **TDKK** | **TDKK** | **TDKK** | **TDKK** |
| Related party transactions: | | | | |
| Production cost | **2,783** | 1,634 | **0** | 0 |
| Financial income | **0** | 0 | **104** | 0 |
| Financial expenses | **464** | 131 | **561** | 257 |
| Receivables from group enterprises | **607** | 1,143 | **903** | 4,320 |
| Payables to group enterprises | **25,628** | 24,593 | **41,979** | 44,620 |
| Capital contribution from parent | **0** | 3,718 | **0** | 3,718 |

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

| **Name** | **Place of registered office** |
|---|---|
| Thermax Ltd. | India |

The Group Annual Report of Thermax Ltd. may be obtained at the following address:

www.thermaxglobal.com

## 19 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## 20 Accounting policies

The Annual Report of Thermax Denmark ApS for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Thermax Denmark ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

### Business combinations

***Business acquisitions carried through on or after 1 July 2018***

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

***Business acquisitions carried through before 1 July 2018***

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

**Leases**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

**Translation policies**

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

**Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

**Hedge accounting**

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## Income statement

**Net sales**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

**Production expenses**

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

**Gross profit**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, production expenses and other operating income.

**Distribution expenses**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

**Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

**Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

**Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

**Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

**Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with its Danish group entities. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

**Intangible fixed assets**

*Goodwill*

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years, determined on the basis of Management's experience with the individual business areas.

*Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

*Other intangible fixed assets*

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 3 years.

**Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | |
|---|---|
| Land and buildings | 20-50 years |
| Plant and machinery | 3-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Land is not depreciated

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expense.

**Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

**Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

**Inventories**

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

**Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

**Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

**Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

**Cash**

Cash comprise cash.

**Equity**

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realization of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

*Translation reserve*

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist.

When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

*Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

**Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date -the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

**Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

**Current tax receivables and liabilities**

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

**Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

**Fair Value**

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/ or transport costs. All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/ liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

## Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

**Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/ loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

**Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

**Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

**Cash and cash equivalents**

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

**Explanation of financial ratios**

| | |
|---|---|
| Solvency ratio | Equity at year end x 100 / Total assets at year end |
| Return on equity | Net profit for the year x 100 / Average equity |

# DANSTOKER A/S

### *Management Board*

Mahesh Channakeshaviah Bukinkere (Chairman)
Rajendran Arunachalam (Vice chairman)
Sandeep Suresh Mandke
Peter Overgaard
Holger Michael Diechmann Jepsen
(Elected by Employees)
Kim Slumstrup (Elected by employees)

### *Registered Office*

Industrivej Nord 13,
7400 Herning

### *Auditors*

Ernst & Young
Godkendt Revisionspartnerselskab
Havnegade 33
DK 6700 Esbjerg

### *Executive Directors*

Peter Overgaard (CEO)
Allan Nielsen (CFO)

### *Bankers*

Citi Bank
Sydbank

## Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Danstoker A/S for the financial year 1 April 2022 - 31 March 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Herning, 4 July 2023

**Executive Board**

| | |
|---|---|
| Peter Overgaard<br>CEO | Allan Harritslev Nielsen<br>CFO |

**Board of Directors**

| | |
|---|---|
| Mahesh Channakeshaviah Bukinkere<br>Chairman | Rajendran Arunachalam<br>Vice chairman |
| Sandeep Suresh Mandke | |
| Holger Michael Diechmann Jepsen<br>Employee representative | Kim Slumstrup<br>Employee representative |

## Independent Auditor's Report

**To the Shareholders of Danstoker A/S**

**Opinion**

We have audited the Financial Statements of Danstoker A/S for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company´s operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report.

**Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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 ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

**Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Esbjerg, 4 July 2023
EY
Godkendt Revisionspartnerselskab
*CVR No 30 70 02 28*

| Morten Østergaard Koch<br>State Authorised Public Accountant<br>mne35420 | Claes Jensen<br>State Authorised Public Accountant<br>mne44108 |
|---|---|

**Company information**

| | |
|---|---|
| Name | Danstoker A/S |
| Address, Postal code, City | Industrivej Nord 13 DK-7400 Herning |
| Email: | info@danstoker.com |
| Website: | www.danstoker.com |
| CVR no. | 16 14 72 49 |
| Established | 13 April 1992 |
| Municipality of reg. office | Herning |
| Financial year | 1 April 2022 - 31 March 2023 |
| Board of Directors | Mahesh Channakeshaviah Bukinkere, chairman<br>Rajendran Arunachalam, vice chairman<br>Sandeep Suresh Mandke<br>Holger Michael Diechmann Jepsen, employee representative<br>Kim Slumstrup, employee representative |
| Executive Board | Peter Overgaard<br>Allan Harritslev Nielsen |
| Auditors | EY<br>Godkendt Revisionspartnerselskab<br>Bavnehøjvej 5,<br>6700 Esbjerg |

## Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

| DKKm | 2022/ 23 | 2021/ 22 | 2020/ 21 | 2019/ 20 | 2018/19 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| **Profit/loss** | | | | | |
| Gross profit/loss | 24 | 32 | 26 | 24 | 28 |
| Profit/loss of ordinary primary operations | 0 | 6 | -2 | -12 | -8 |
| Net profit/loss | 2 | 5 | -7 | -8 | -25 |
| **Balance sheet** | | | | | |
| Balance sheet total | 144 | 131 | 126 | 140 | 135 |
| Investment in property, plant and equipment | 1 | 0 | 0 | 0 | 5 |
| Equity | 41 | 39 | 34 | 42 | 50 |
| Number of employees | 105 | 99 | 106 | 117 | 115 |
| **Ratios** | | | | | |
| Solvency ratio | 28.5% | 29.8% | 27.0% | 30.0% | 37.0% |
| Return on equity | 5.0% | 13.7% | -18.4% | -17.4% | -58.8% |

## Management review

**Key activities**

Danstoker A/S, which has its registered address in the municipality of Herning, is a wholly owned subsidiary of Thermax Denmark ApS.

The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Danstoker A/S is the parent company of Danstoker Poland Sp.z o.o..

The Danstoker Group designs, manufactures, sells and do service on boilers and associated equipment within the energy market. The Danstoker Group product range is continuously adapted to the 4 energy categories:

# DANSTOKER A/S

1. Solid fuel market, mainly based on biofuels
2. Electrical boiler market
3. Waste heat recovery boiler market
4. Oil/gas market

**Development in the year**

Danstoker A/S has as many others been highly impacted by the war in Ukraine. The war resulted in a very high increase in steel and energy prices which impacted the backlog profitability of Danstoker. Order booking has been very fine, but the war resulted also in difficulties in finding skilled welders as all Ukraine welders working in Europe was ordered back to Ukraine to take part in the war and at the same time Oil/Gas sector and re-commissioning of old mothballed power plants to become independent of Russian gas also required many welders.

Our production in both Herning and Ostrowiec has been running throughout the year but with lower capacity due to above mentioned impact from the war. This has resulted in issues with on time delivery.

The 1st half of the year result was especially impacted by the higher steel and energy prices.

Order intake has been increasing all year especially within the solid fuel market. There is a high demand for biomass fired plants to substitute gas fired plants. Present backlog is the biggest in Danstokers history and with orders booked with delivery as far out as in 2025.

Danstoker has been able to maintain its position as the absolute marketleader within mediumsized biofuel boilers in Scandinavia. 54% of the turnover is within this segment.

Within the market segment of oil and gasfired boilers, Danstoker has maintained its position in the primary markets, and with the setup in Poland we are in the process of developing a stronger position in the eastern part of Europe. 21% of the turnover is within this segment.

The waste heat recovery boiler market consists primarily of stainless-steel economizers and is 9% of turnover.

The market segments for electrical boilers are expected to increase significantly over the coming years. For now, it represents 4% of turnover.

The market for Service of boilers has maintained its level of 12% of turnover.

Compared to last year the revenue has increased with 23% due to positive development in 2nd half of 2022/23. The achieved results of the primary operation are below expectations.

Also, the Polish facility have had higher activity than last year and are up with 35%. Order intake has during the year been higher than budget and is up with 52% compared to budget.

Profit for the year before tax amounts to DKK 1,996 thousand and after-tax amounts to DKK 2,056 thousand.

The total number of employees by end of financial year is 105 in Denmark and 112 in Poland.

**Targets and expectations for the year ahead**

The overall volume of orders of the Danstoker Group at the end of the financial year is very satisfactory.

It is the aim of the Danstoker Group to create 2 profitable, strong sales and production companies in Danstoker A/S and Danstoker Poland Sp. z o.o., all as an attractive workplace with competent employees, based on competitive products sold to professional cooperation partners and customers in selected markets where such products are supplied in the quality and at the time and price agreed.

It is also the Group's aim to achieve optimal utilization of the production facilities.

It is not yet known to what extent the war in Ukraine will continue to impact the company. For now, we see very good order booking in the biomass segment as there is a high focus to move away from gas fired plants, even that the gas prices have come down again. However, Danstoker Group will continue to monitor the situation to ensure the Company remains flexible in its ability to respond to changing circumstances.

Besides the above mentioned the Management of the Group is of the opinion that it is not faced with special long-term risks, neither in terms of its markets, nor otherwise.

In the coming period the Company will have special attention to reduce the consumption of energy during manufacturing, optimizing the design to reduce material use and better waste management to recycle more material. Furthermore, will a project be started with the local university with focus on mental health in Danstoker.

With all the initiatives taken the profit before tax for the financial year 2023/24 is expected to be within 5 – 10 mDKK.

**External environment**

The growing, necessary, political focus on CO2 on a global scale will in the long term contribute to making our CO2neutral products within biofuels and electrical boilers even more relevant and will contribute to securing the Danstoker Group's continued positive development.

Danstoker A/S is devoted to environmental issues and is constantly striving to reduce the environmental impact resulting from the operations of the Company. The Company has no outstanding issues with the environmental authorities in complying with environmental permits and other environmental regulations. Danstoker A/S holds a ISO 14001 certificate.

Danstoker A/S has decided for the coming years to focus on 4 of United Nations Sustainable Development Goals: "7 Affordable and clean energy", "9 Industry, Innovation and infrastructure", "12 Responsible consumption and production" and "13 Climate action"

**Subsequent events**

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

**BALANCE SHEET as at 31.03.2023**

| ASSETS | Note No | 31 Mar 2023 | | 31 Mar 2022 | |
|---|---|---|---|---|---|
| | | DKK'000 | Rs. Lacs | DKK'000 | Rs. Lacs |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| **Intangible assets** | 6 | | | | |
| Completed Development Projects | | - | - | 483 | 54.46 |
| Acquired other similar rights | | 84 | 10.05 | 514 | 57.96 |
| | | 84 | 10.05 | 997 | 112.42 |
| **Property, plant and equipment** | 7 | | | | |
| Plant and machinery | | 1,518 | 181.54 | 2,130 | 240.18 |
| Other fixtures and fittings, tools and equipment | | 199 | 23.80 | 349 | 39.35 |
| | | 1,717 | 205.34 | 2,479 | 279.53 |
| **Investments** | | | | | |
| Investments in subsidiaries | 8 | 8,654 | 1,034.94 | 6,506 | 733.61 |
| Receivables from group enterprises | 9 | 25,818 | 3,087.60 | 17,672 | 1,992.68 |
| | | 34,472 | 4,122.54 | 24,178 | 2,726.29 |
| **Total non-current assets** | | 36,273 | 4,337.92 | 27,654 | 3,118.24 |
| **Current assets** | | | | | |
| **Inventories** | | | | | |
| Raw materials and consumables | | 18,389 | 2,199.16 | 14,792 | 1,667.93 |
| Work in progress | | 3,416 | 408.52 | 2,816 | 317.53 |
| | | 21,805 | 2,607.68 | 17,608 | 1,985.46 |
| **Receivables** | | | | | |
| Trade receivables | | 8,235 | 984.83 | 15,575 | 1,756.22 |
| Contract work in progress | 10 | 48,236 | 5,768.59 | 33,762 | 3,806.97 |
| Receivables from group companies | | 27,830 | 3,328.22 | 30,129 | 3,397.32 |
| Other receivables | | 2,012 | 240.62 | 3,038 | 342.56 |
| Prepayments | 11 | 1,337 | 159.89 | 1,826 | 205.90 |
| | | 87,650 | 10,482.15 | 84,330 | 9,508.97 |
| **Cash at bank and in hand** | | 3,844 | 459.71 | 1,255 | 141.51 |
| **Total current assets** | | 113,299 | 3,549.54 | 103,193 | 11,635.94 |
| **Total assets** | | 149,572 | 17,887.47 | 130,847 | 14,754.18 |

# DANSTOKER A/S

| LIABILITIES AND EQUITY | Note No | 31 MAR 2023 | | 31 MAR 2022 | |
|---|---|---|---|---|---|
| | | DKK'000 | Rs. Lacs | DKK'000 | Rs. Lacs |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | | **10,001** | **1,196.03** | 10,001 | 1,127.70 |
| Revaluation reserve | | **-** | **-** | 405 | 45.67 |
| Retained earnings | | **30,830** | **3,686.99** | 28,344 | 3,196.04 |
| **Total equity** | | **40,831** | **4,883.02** | 38,750 | 4,369.41 |
| **Provisions** | | | | | |
| Deferred tax | 12 | **1,305** | **156.07** | 1,050 | 118.40 |
| Other provisions | 13 | **558** | **66.73** | 1,384 | 156.06 |
| **Total provisions** | | **1,863** | **222.80** | 2,434 | 274.46 |
| **Liabilities other than provisions** | | | | | |
| **Long term debt** | 14 | | | | |
| Lease obligations | | **-** | **-** | 587 | 66.19 |
| Payables to group enterprises | | **22,346** | **2,672.38** | 22,314 | 2,516.10 |
| | | **22,346** | **2,672.38** | 22,901 | 2,582.29 |
| **Short term debt** | | | | | |
| Lease obligations | 14 | **587** | **70.20** | 695 | 78.37 |
| Credit institutions | | **4,519** | **540.43** | 12,202 | 1,375.89 |
| Contract work in progress | 10 | **27,434** | **3,280.86** | 8,796 | 991.83 |
| Trade payables | | **23,330** | **2,790.06** | 15,992 | 1,803.24 |
| Payables to group enterprises | | **6,389** | **764.07** | 7,837 | 883.69 |
| Other payables | | **22,273** | **2,663.65** | 21,240 | 2,395.00 |
| | | **84,532** | **10,109.27** | 66,762 | 7,528.02 |
| **Total liabilities other than provisions** | | **106,878** | **12,781.65** | 89,663 | 10,110.31 |
| **Total equity and liabilities** | | **149,572** | **17,887.47** | 130,847 | 14,754.18 |

| | |
|---|---|
| Contingent assets, liabilities and other financial obligations | 15 |
| Related parties | 16 |
| Subsequent events | 17 |
| Accounting Policies | 18 |

**Income statement**

| | Note No | 2022-23 DKK'000 | 2022-23 Rs. Lacs | 2021-22 DKK'000 | 2021-22 Rs. Lacs |
|---|---|---|---|---|---|
| **Gross profit** | | **24,354** | **2,912.52** | 32,118 | 3,621.59 |
| Distribution costs | | **(8,729)** | **(1,043.91)** | (14,931) | (1,683.60) |
| Administrative expenses | | **(15,421)** | **(1,844.21)** | (10,997) | (1,240.01) |
| **Operating Profit / Loss** | | **204** | **24.40** | 6,190 | 697.98 |
| Income from investments in group entities | | **2,163** | **258.68** | 666 | 75.10 |
| Financial income | 2 | **1,122** | **134.18** | 655 | 73.86 |
| Financial expenses | 3 | **(1,493)** | **(178.55)** | (1,466) | (165.30) |
| **Profit / Loss before tax** | | **1,996** | **238.70** | 6,045 | 681.63 |
| Tax on profit/loss for the year | 4 | **60** | **7.18** | (1,164) | (131.25) |
| **Net Profit / Loss for the year** | 5 | **2,056** | **245.88** | 4,881 | 550.38 |

## Statement of Changes in Equity

| | Share capital | | Revaluation reserve | | Retained Earnings | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **DKK'000** | **Rs. Lacs** | **DKK'000** | **Rs. Lacs** | **DKK'000** | **Rs. Lacs** | **DKK'000** | **Rs. Lacs** |
| **Equity at 1 April 2022** | 10,001 | 1,196.03 | 405 | 48.43 | 28,344 | 3,389.69 | 38,750 | 4,634.15 |
| Net profit/loss for the year | - | - | - | - | 2,056 | 245.88 | 2,056 | 245.88 |
| Exchange adjustments relating to foreign entities | - | - | - | - | 14 | 1.67 | 14 | 1.67 |
| Other equity movements | - | - | - | - | 11 | 1.32 | 11 | 1.32 |
| Depreciation, amortisation and impairment for the year | - | - | (405) | (48.43) | 405 | 48.43 | - | - |
| **Equity at 31 March 2023** | **10,001** | **1,196.03** | **-** | **-** | **30,830** | **3,686.99** | **40,831** | **4,883.02** |

# DANSTOKER A/S

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Staff

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Wages and salaries | **54,485** | 49,651 |
| Pensions | **4,119** | 3,679 |
| Other social security expenses | **638** | 641 |
| | **59,242** | 53,971 |
| Including remuneration to the Executive Board and Board of Directors: Executive board | **3,826** | 3,702 |
| Board of directors | **60** | 60 |
| | **3,886** | 3,762 |
| **Average number of employees** | **105** | 99 |

### 2 Financial Income

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Interest received from group enterprises | **762** | 284 |
| Other financial income | **360** | 371 |
| | **1,122** | 655 |

### 3 Financial expense

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Interest paid to group enterprises | **488** | 274 |
| Other financial expenses | **1,005** | 1,192 |
| | **1,493** | 1,466 |

### 4 Income tax expense

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Current tax for the year | **-315** | 0 |
| Deferred tax for the year | **255** | 1,164 |
| | **-60** | 1,164 |

### 5 Profit allocation

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Retained earnings | **2,056** | 4,881 |
| | **2,056** | 4,881 |

### 6 Intangible fixed assets

| | Completed Development projects | |
|---|---|---|
| | TDKK | TDKK |
| Cost at 1 April | **1,556** | 3,918 |
| Additions for the year | **0** | 185 |
| Cost at 31 March | **1,556** | 4,103 |
| Impairment losses and amortisation at 1 April | **1,073** | 3,404 |
| Amortisation for the year | **483** | 615 |
| Impairment losses and amortisation at 31 March | **1,556** | 4,019 |
| **Carrying amount at 31 March** | **0** | 84 |

### 7 Property, plant and equipment

| | Plant and machinery TDKK | Other fixtures and fittings, tools and equipment TDKK |
|---|---|---|
| Cost at 1 April | **26,112** | 1,886 |
| Additions for the year | **435** | 200 |
| Disposals for the year | **0** | -91 |
| Cost at 31 March | **26,547** | 1,995 |
| Impairment losses and depreciation at 1 April | **23,982** | 1,537 |
| Depreciation for the year | **1,047** | 350 |
| Reversal of impairment and depreciation of sold assets | **0** | -91 |
| Impairment losses and depreciation at 31 March | **25,029** | 1,796 |
| **Carrying amount at 31 March** | **1,518** | 199 |
| Including assets under finance leases amounting to | **617** | 0 |

### 8 Investments in subsidiaries

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Cost at 1 April | **30,379** | 30,379 |
| Cost at 31 March | **30,379** | 30,379 |
| Value adjustments at 1 April | **-23,873** | -24,537 |
| Exchange adjustment | **-14** | -2 |
| Net profit/loss for the year | **2,162** | 666 |
| Value adjustments at 31 March | **-21,725** | -23,873 |
| **Carrying amount at 31 March** | **8,654** | 6,506 |

**Investments in subsidiaries are specified as follows:**

| Name | Place of registered office | Ownership |
|---|---|---|
| Danstoker Poland Sp. Z.o.o. | Poland | 100% |

### 9 Other fixed asset investments

| | Receivables from group enterprises TDKK |
|---|---|
| Cost at 1 April | **18,119** |
| Additions for the year | **8,223** |
| Cost at 31 March | **26,342** |
| Impairment losses at 1 April | **447** |
| Exchange adjustment | **77** |
| Impairment losses at 31 March | **524** |
| **Carrying amount at 31 March** | **25,818** |

### 10 Contract work in progress

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Selling price of work in progress | **150,837** | 123,476 |
| Payments received on account | **-130,885** | -98,510 |
| | **19,952** | 24,966 |
| Recognised in the balance sheet as follows: Contract work in progress recognised in assets | **47,386** | 33,762 |
| Prepayments received recognised in debt | **-27,434** | -8,796 |
| | **19,952** | 24,966 |

**11 Prepayments**

Prepayments comprise prepaid insurance premium, prepaid rent and other prepaid costs.

**12 Provision for deferred tax**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Deferred tax liabilities at 1 April | **1,050** | -127 |
| Amounts recognised in the income statement for the year | **255** | 1,164 |
| Amounts recognised in equity for the year | **0** | 13 |
| **Deferred tax liabilities at 31 March** | **1,305** | 1,050 |

**13 Other provisions**

Other provisions consists of customs warranties, DKK 747 thousand (2021/22; DKK 1,312 thousand) and provision for guarantee obligations and other costs DKK 72 thousand (2021/22: DKK 72 thousand).

**14 Contingent assets, liabilities and other financial obligations**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| **Rental and lease obligations** | | |
| Lease obligations under operating leases. Total future lease payments: | | |
| Within 1 year | **509** | 399 |
| Between 1 and 5 years | **635** | 436 |
| | **1,144** | 835 |

The Company has entered into lease contracts. Tenancy commitments in lease buildings amount to DKK 40,029 thousand, of this DKK 2,727 thousand concerns 2023/24.

**Guarantee obligations**

The Company has undertaken guarantees whereby it has assumed primary liability for the affiliated companies' outstanding balances with mortgage credit institutions and banks, DKK 7,706 thousand.

Performance bonds and advance payment guarantees issued by guarantee insurers amount to DKK 22,637 thousand.

**Other contingent liabilities**

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest, and royalties.

**15 Related parties and disclosure of consolidated financial statements**

| Controlling interest | Basis |
|---|---|
| Thermax Denmark ApS | Owner |

**Transactions**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| **Related party transactions:** | | |
| Net sales | **1,280** | 3,638 |
| Production cost | **10,587** | 14,837 |
| Other expenses | **0** | 1,131 |
| Rent | **2,635** | 2,558 |
| Financial income | **762** | 285 |
| Financial expenses | **488** | 274 |
| Receivables from group enterprises | **49,380** | 47,801 |
| Payables to group enterprises | **23,505** | 30,150 |

**Consolidated Financial Statements**

The Company is included in the Group Annual Report of the Parent Company:

| Name | Place of registered office |
|---|---|
| Thermax Denmark ApS | Denmark |
| Thermax Ltd. | India |

The Group Annual Report of Thermax Denmark ApS may be obtained at the following address:

www.cvr.dk

The Group Annual Report of Thermax Ltd. may be obtained at the following address:

www.thermaxglobal.com

**16 Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

**17 Accounting policies**

The Annual Report of Danstoker A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. The Financial Statements for 2022/23 are presented in TDKK.

**Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022/23 of Thermax Denmark ApS, the Company has not prepared consolidated financial statements.

**Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Thermax Denmark ApS, the Company has not prepared a cash flow statement.

**Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

**Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

**Translation policies**

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

**Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

## Income statement

**Net sales**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

**Production expenses**

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Production expenses also include amortisation of goodwill to the extent that goodwill relates to production activities.

Production expenses also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

**Gross profit**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss comprises of revenue, production expenses and other operating income.

**Distribution expenses**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

**Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

**Income from investments in subsidiaries**

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

**Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

**Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with its Danish group entities. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

**Intangible fixed assets**

*Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item ‘Reserve for development costs’. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 year.

*Other intangible fixed assets*

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 3 years.

**Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | |
|---|---|
| Plant and machinery | 3-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other

**Impairment of fixed assets**

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

**Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

**Other fixed asset investments**

Other fixed asset investments consist of receivables from group entities

**Inventories**

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

**Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

**Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

**Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

**Cash**

Cash comprise cash.

**Equity**

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realization of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

*Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

**Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date -the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

**Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

**Current tax receivables and liabilities**

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

**Financial debts**

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

## Financial Highlights

**Explanation of financial ratios**

| | |
|---|---|
| Solvency ratio | Equity at year end x 100 / Total assets at year end |
| Return on equity | Net profit for the year x 100 / Average equity |

# EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

| Board of Directors | Registered Office | Auditors | Bankers |
|---|---|---|---|
| Mahesh Channakeshaviah Bukinkere (Chairman)<br>Swapnil Dhumane | Industrivej Nord 13<br>DK - 7400 Herning | Ernst & Young<br>Godkendt Revisionspartnerselskb<br>Havnegade 33<br>DK - 6700 Esbjerg | Spar Nord<br>Sydbank |

**Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2022 - 31 March 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Herning, 4 July 2023

**Executive Board**

Swapnil Vitthal Dhumane

**Board of Directors**

Mahesh Channakeshaviah Bukinkere
Chairman

**Independent Auditor's Report**

**To the shareholder of Ejendomsanpartsselskabet Industrivej Nord 13**

**Opinion**

We have audited the Financial Statements of Ejendomsanpartsselskabet Industrivej Nord 13 for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company´s operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report.

**Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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 ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

# EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

- 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, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

**Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Esbjerg, 4 July 2023

**EY**
Godkendt Revisionspartnerselskab
CVR No 30 70 02 28

| | |
|---|---|
| Morten Østergaard Koch | Claes Jensen |
| State Authorised Public Accountant | State Authorised Public Accountant |
| mne35420 | mne44108 |

**Company information**

| | |
|---|---|
| Name | Ejendomsanpartsselskabet Industrivej Nord 13 Industrivej Nord 13<br>DK-7400 Herning |
| CVR no. | 13 96 64 43 |
| Financial Period | 1 April 2022 - 31 March 2023 |
| Municipality of reg. office: | Herning |
| Board of Directors | Mahesh Channakeshaviah Bukinkere, Chairman |
| Executive Board | Swapnil Vitthal Dhumane |
| Auditors | EY<br>Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, |

**Management's review**

**Key activities**

The Company's principal activity is to own and lease out the property Industrivej Nord 13, DK-7400 Herninq,

The Company is a fully-owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

**Development in the year**

The income statement of the Company for 2022/23 shows a profit of TDKK 1,035, and at 31 March 2023 the balance sheet of the Company shows positive equity of TDKK 30,400.

Management considers the result as satisfactory.

**Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement for the period 1st April 2022 to 31st March 2023

| | Note | 2022/23 | | 2021/22 | |
|---|---|---|---|---|---|
| | | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| **Gross profit** | | **2,634** | **315.00** | 2,558 | 288.44 |
| Administrative expenses | | **(969)** | **(115.88)** | (973) | (109.71) |
| **Profit/loss before financial income and expenses** | | **1,665** | **199.12** | 1,585 | 178.72 |
| Income from investments in group subsidiaries | | **-** | **-** | 17 | 1.92 |
| Financial income | 1 | **243** | **29.06** | 324 | 36.53 |
| Financial expenses | 2 | **(569)** | **(68.05)** | (816) | (92.01) |
| **Profit/loss before tax** | | **1,339** | **160.13** | 1,110 | 125.16 |
| Tax on profit for the year | 3 | **(304)** | **(36.36)** | (240) | (27.06) |
| **Net profit/loss for the year** | | **1,035** | **123.78** | 870 | 98.10 |

## Distribution of Profit

| | 2022/23 | | 2021/22 | |
|---|---|---|---|---|
| | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| **Proposed distribution of profit** | | | | |
| Reserve for net revaluation under the equity method | **-** | **-** | 18 | 2.03 |
| Retained earnings | **1,035** | **123.78** | 852 | 96.07 |
| | **1,035** | **123.78** | **870** | **98.10** |

## Statement of Changes in Equity for the period 1st April 2022 to 31st March 2023

| | Share Capital | | Revaluation reserve | | Reserve for net revaluation under the equity method | | Reserve for hedging transactions | | Retained earnings | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| **Equity at 1 April 2022** | 200 | 23.92 | 1,851 | 221.36 | 8,434 | 1,008.63 | 620 | 74.15 | 17,932 | 2,144.51 | 29,037 | 3,472.56 |
| "Dissolution of previous years' revaluation" | - | - | (83) | (9.93) | (8,434) | (1,008.63) | - | - | 8,517 | 1,018.56 | - | - |
| Fair value adjustment of hedging instruments, end of year | - | - | - | - | - | - | 421 | 50.35 | - | - | 421 | 50.35 |
| Tax on adjustment of hedging instruments for the year | - | - | - | - | - | - | (93) | (11.12) | - | - | (93) | (11.12) |
| Net profit/loss for the year | - | - | - | - | - | - | - | - | 1,035 | 123.78 | 1,035 | 123.78 |
| **Equity at 31 March 2023** | **200** | **23.92** | **1,768** | **211.44** | **-** | **-** | **948** | **113.37** | **27,484** | **3,286.84** | **30,400** | **3,635.57** |

Exchange rate : as at 31st Mar 23 is 1 DKK = Rs 11.9591

Exchange rate : as at 31st Mar 22 is 1 DKK = Rs 11.2759

# EJENDOMSANPARTSSELSKABET INDUSTRIVEJ NORD 13

## Balance Sheet

| | NOTE | 2022/23 | | 2021/22 | |
|---|---|---|---|---|---|
| | | **DKK'000** | **Rs. Lacs** | DKK'000 | Rs. Lacs |
| **ASSETS** | | | | | |
| **Property, plant and equipment** | 4 | | | | |
| Land and buildings | | **22,077** | **2,640.21** | 22,978 | 2,590.98 |
| **Fixed asset investments** | 5 | | | | |
| Investments in subsidiary | | **-** | **-** | 9,434 | 1,063.77 |
| | | **-** | **-** | 9,434 | 1,063.77 |
| **Fixed Assets** | | **22,077** | **2,640.21** | 32,412 | 3,654.74 |
| **Receivables** | | | | | |
| Receivables from group enterprises | | **19,195** | **2,295.55** | 21,762 | 2,453.86 |
| **Cash at bank and in hand** | | **23** | **2.75** | 3 | 0.34 |
| **Current assets** | | **19,218** | **2,298.30** | 21,765 | 2,454.20 |
| **Assets** | | **41,295** | **4,938.51** | 54,177 | 6,108.94 |
| **LIABILITIES AND EQUITY** | | | | | |
| Share capital | | **200** | **23.92** | 200 | 22.55 |
| Revaluation reserve | | **1,768** | **211.44** | 1,851 | 208.72 |
| Reserve for net revaluation under the equity method | | **-** | **-** | 8,434 | 951.01 |
| Reserve for hedging transactions | | **948** | **113.37** | 620 | 69.91 |
| Retained earnings | | **27,484** | **3,286.84** | 17,932 | 2,021.99 |
| **Equity** | | **30,400** | **3,635.57** | 29,037 | 3,274.18 |
| Provision for deferred tax | | **2,762** | **330.31** | 2,710 | 305.58 |
| **Provisions** | | **2,762** | **330.31** | 2,710 | 305.58 |
| Mortgage loans | | **6,257** | **748.28** | 7,706 | 868.92 |
| **Long term debt** | 6 | **6,257** | **748.28** | 7,706 | 868.92 |
| Mortgage loans | 6 | **1,449** | **173.29** | 1,449 | 163.39 |
| Credit institutions | | **18** | **2.15** | 60 | 6.77 |
| Payables to group enterprises | 6 | **-** | **-** | 10,047 | 1,132.89 |
| Other payables | 7 | **409** | **48.91** | 2,380 | 268.37 |
| Deferred income | | **-** | **-** | 788 | 88.85 |
| **Short term debt** | | **1,876** | **224.35** | 14,724 | 1,660.26 |
| **Debt** | | **8,133** | **972.63** | 22,430 | 2,529.18 |
| **Liabilities and Equity** | | **41,295** | **4,938.51** | 54,177 | 6,108.94 |
| | | | | | |
| Contingent assets, liabilities and other financial obligations | 8 | | | | |
| Related parties | 9 | | | | |
| Accounting Policies | 10 | | | | |

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

**1 Financial income**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Interest received from group enterprises | **243** | 324 |
| | **243** | 324 |

**2 Financial expenses**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Interest paid to group enterprises | **0** | 100 |
| Other financial expenses | **569** | 716 |
| | **569** | 816 |

**3 Income tax expense**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Current tax for the year | **252** | 293 |
| Deferred tax for the year | **52** | (53) |
| | **304** | 240 |

**4 Property, plant and equipment**

| | Land and buildings TDKK |
|---|---|
| Cost at 1 April | 41,408 |
| Cost at 31 March | 41,408 |
| Revaluations at 1 April | 4,080 |
| Revaluations at 31 March | 4,080 |
| Impairment losses and depreciation at 1 April | 22,510 |
| Depreciation for the year | 901 |
| Impairment losses and depreciation at 31 March | 23,411 |
| **Carrying amount at 31 March** | **22,077** |
| Revaluation less amortisation, depreciation and impairment losses | 2,266 |
| **Carrying amount at 31 March before revaluations** | **19,811** |

**5 Investments in subsidiaries**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Cost at 1 April | 1,000 | 1,000 |
| Disposals for the year | (1,000) | 0 |
| Cost at 31 March | 0 | 1,000 |
| Value adjustments at 1 April | 8,434 | 8,416 |
| Disposals for the year | (8,434) | 0 |
| Net profit/loss for the year | 0 | 18 |
| Value adjustments at 31 March | 0 | 8,434 |
| **Carrying amount at 31 March** | **0** | **9,434** |

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Ownership |
|---|---|---|
| Boilerworks Properties ApS - Dissolved after voluntary Liquidation | Herning | 0% |

**6 Long-term debt**

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. The debt falls due for payment as specified below:

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| **Mortgage loans** | | |
| After 5 years | **996** | 1,911 |
| Between 1 and 5 years | **5,261** | 5,795 |
| Long-term part | **6,257** | 7,706 |
| Within 1 year | **1,449** | 1,449 |
| | **7,706** | **9,155** |

**7 Derivative financial instruments**

Derivative financial instruments contracts in the form of interest rate swaps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Fair value at year end | **(104)** | (525) |
| Changes recognised in the hedging reserve | **421** | 477 |

The Company has entered into interest rate swap contracts concerning a loan amounting to totally DKK 4.940 thousand maturing in 2027. The interest rate swap has identical critical conditions to the loan and the Company uses cash flow hedging of the future interest payments.

Fair value is done on level 2.

**8 Contingent assets, liabilities and other financial obligations**

**Charges and security**

Land and buildings with a carrying amount of DKK 22,077 thousand at 31 March 2023 have been provided as collateral, nom. DKK 26,000 thousand, for bank loans of DKK 7,706 thousand.

**Guarantee obligations**

The Company has a recourse guarantee commitment for performance and advance guarantees in group-related companies, DKK 1,200 thousand.

**Other contingent liabilities**

The company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

**9 Related parties and disclosure of consolidated financial statements**

**Consolidated Financial Statements**

The Company is included in the Group Annual Report of the Parent Company:

| Name | Place of registered office |
|---|---|
| Thermax Denmark ApS | Denmark |

Requisitioning of the parent company's consolidated financial statements:

www.cvr.dk

**10 Accounting policies**

The Annual Report of Ejendomsanpartsselskabet Industrivej Nord 13 for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2022/23 are presented in TDKK.

**Changes in accounting policies**

The company has changed the layout of the income statement from type-based to function-based. For the sake of aligning the presentation in the group's Annual Reports. The years result and the balance sheet are not affected by the change.

**Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

**Hedge accounting**

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

**Income statement**

**Net sales**

Revenue comprises rental income, etc., which is recognised in the income statement in the period, which the rent concerns.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

**Gross profit**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss comprises of revenue.

**Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

**Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

**Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

**Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with other group entities. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

**Balance sheet**

**Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. It is revalued at fair value if any significant changes in the fair value of land and buildings are recognized. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

In connection with significant changes in the fair value of land and buildings, revaluation to fair value is made based on a yearly assessment on each property. Revaluations and reversals hereof, less deferred tax, are taken directly to equity.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight- line basis over the expected useful lives of the assets, which are:

| | |
|---|---|
| Land and buildings | 50 years |

Land is not depreciated

**Impairment of fixed assets**

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

If so, the asset is written down to its lower recoverable amount.

**Investments in subsidiaries**

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

**Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

**Cash**

Cash comprise cash.

**Equity**

*Revaluation reserve*

The reserve comprises revaluations of property, plant and equipment/ investments in subsidiaries and associates relative to cost net of deferred tax. The revaluation reserve is reduced by the depreciation charges relating to the revaluation.

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

*Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

**Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

**Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

**Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

**Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.

**Fair Value**

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/ or transport costs. All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/ liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

# Rifox-Hans Richter GmbH Spezialarmaturen, Bremen (Germany)

| ***Board of Directors*** | ***Registered Office*** | ***Auditors*** | ***Bankers*** |
|---|---|---|---|
| Mundt Holger - Managing Director<br>Mahesh Channakeshaviah Bukinkere (Chairman)<br>Sandeep Mandke<br>Peter Overgaard | Bertha - von - suttner - str. 9<br>28207 Breman, Germany<br>HRB 3148 | SBR Siebolds Balion Rauber PartG<br>Steuerberater Wirtschaftsprufer<br>Friedrich-Ebert-StraBe 55<br>26954 Nordenham | Sydbank |

**Independent Auditor's Report**

To Rifox-Hans Richter GmbH Spezialarmaturen

**Audit Opinion**

We have audited the annual financial statements of Rifox-Hans Richter GmbH Spezialarmaturen, which comprise the balance sheet, and the statement of profit and loss, for the financial year from April 01, 2022 to March 31, 2023, and notes to the financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities, and financial position of the Company, and of its financial performance for the financial year from April 01, 2022 to March 31, 2023 in compliance with German Legally Required Accounting Principles.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

**Basis for the Audit Opinion**

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

**Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

**Auditor's Responsibilities for the Audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 audit 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 controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our audit opinion on the annual financial statements. 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 be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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.

Rauber

(Wirtschaftsprüfer)

(German Public Auditor)

Nordenham, April 14, 2023

**Notes to the Financial Statements for the financial year**

**April 01, 2022 – March 31, 2023**

**A. General information on the annual financial statements**

The annual financial statements as at 31 March 2023 were prepared in accordance with the provisions of Sections 242 et seq. of the German Commercial Code (HGB), in compliance with the supplemen-tary provisions for corporations (§§ 264 ff HGB) in the version of the German Accounting Standards Directive (BilRUG).

Information on the identification of the company according to the register court:

| | |
|---|---|
| Company name according to register court: | Rifox-Hans Richter GmbH Spezialarmaturen |
| Registered office: | Bremen |
| Register entry: | commercial register |
| Registry court: | Bremen |
| Registration number: | HRB 3148 |

Additionally to these regulations the German Limited Liability Companies Act had to be applied.

The total expenditure format was applied to the profit and loss account.

According to the size classes in § 267 (1) HGB the company is a small limited company.

The easing of restrictions for small limited companies according to § 274a and § 288 HGB were partly applied.

**B. Information on accounting and valuation methods**

The accounting and valuation methods of the previous year were maintained without change.

Fixed assets were listed at purchase prices reduced by planned depreciation.

The planned depreciation was made using the straight-line method or the declining-value method. The expected life-spans of the assets were estimated using the depreciation-index in line with the tax rules.

Low-value assets with acquisition costs of up to Euro 800.00 were fully written off in the year of acquisition

Stocks were listed at acquisition or production costs. If necessary the lower value on the key balance sheet date was used.

Trade receivables and other assets were valued considering all recognizable risks.

Cash balance and bank accounts were listed at cash value.

To cover the general credit risk and the costs of discounts, general provisions for doubtful debts were formed.

Other provisions account for all recognizable risks and uncertain liabilities. All recognizable risks were accounted for.

Liabilities are recognized at the fulfillment value.

**C. Notes to the Balance Sheet**

The development of the fixed assets is attached as appendix.

Specifications concerning trade receivables and other assets with a remaining term of more than one year can be gathered from the balance sheet.

Other provisions account for all recognizable risks and uncertain liabilities. The value was estimated according to reasonable commercial evaluation.

Specifications concerning liabilities with a remaining term of up to one year can be gathered from the balance sheet.

The other creditors include liabilities to shareholders in the amount of TEUR 293

**D. Other Information**

In the financial year, an average of 30 employees were employed (previous year 28).

**Members of the board of management:**

Mr. Holger Mundt, Bremen, Germany

Mr. Sandeep Mandke, Pune, India

Mr. Mahesh Channakeshaviah Bukinkere, Pune, India (since june 10, 2022)

Mr. Peter Overgaard, Höjbjerg, Denmark (since November 29, 2022)

Mr. Bill Shukla, Pune, India (until june 10, 2022)

The annual accounts were produced before appropriation of net income.

Bremen, April 14, 2023

Rifox-Hans Richter GmbH Spezialarmaturen
Holger Mundt, Sandeep Mandke, Mahesh Channakeshaviah Bukinkere, Peter Overgaard

Managing Directors

# Rifox-Hans Richter GmbH Spezialarmaturen, Bremen (Germany)

**Report on Annual Financial Statement**

**A. Audit Engagement**

Our subsequently reported “Audit Report” on the statutory audit of the annual financial statements of the Rifox-Hans Richter GmbH Spezialarmaturen, Bremen, as of March 31, 2023 is addressed to the audited company.

The management of

**Rifox-Hans Richter GmbH Spezialarmaturen, Bremen,**

(hereinafter referred to as “Rifox” or “the Company”)

engaged us to audit the annual financial statements of the Company for the financial year from April 1, 2022 through March 31, 2023 including the bookkeeping system in accordance with Sec-tion 316 et seqq. HGB.

RIFOX is a small corporation within the meaning of Section 267 (1) and (4) HGB.

The audit, which is not legally required, was conducted on the basis of the application of manage-ment pursuant to the provisions of Section 316 et seqq. HGB.

The Company is required under Section 325 HGB in conjunction with Section 326 HGB to electroni-cally file the balance sheet and the notes to the financial statements with the operator of the electronic Federal Gazette and to publish them in the electronic Federal Gazette.

The Company did not prepare a management report because this is not legally required.

The statutory duty to prepare consolidated financial statements and a group management report does not apply to the group of RIFOX because the size criteria of Section 293 HGB are not satisfied.

This engagement and our liability, also in relation to third parties, are governed by the “General En-gagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften” dated Janu-ary 1, 2017, which are attached to this report.

Our audit was conducted in compliance with the general principles for the conduct of audits of financial statements as set out in the relevant auditing standards issued by the “Institut der Wirtschaftsprüfer in Deutschland e. V. (IDW) (Institute of Public Auditors in Germany, Düsseldorf)”. This long-form audit report was prepared in accordance with the Generally Accepted Standards for the Issuance of Long-form Audit Reports for the Audits of Financial Statements (IDW PS 450 n.F). As the audit is not legally required, this report is addressed only to the audited company.

**B. General Findings**

**I. Opinion on the Management’s Assessment of the Company’s Position**

Since the management admissibly has not prepared a management report because this is not legally required, we, as auditors, have not been able to comment, as set forth in Section 321 (1) Clause 2 HGB, on the management’s assessment of the Company’s position which would otherwise have been stated in the management report.

The assessment of the Company’s position, and in particular, the assessment of the Company’s ability to continue as a going concern and its material opportunities and risks of future development, has been reasonably and appropriately determined. According to the results of our audit and the knowledge obtained, the legal representative’s assessment of the Company’s position is appropriate in terms of scope and accurate in terms of content.

**II. Copy of the Auditors’ Report**

Based on the final results of our audit we issued the unrestricted auditor’s report dated April 14, 2023: which is on 1st page of this annual report.

**C. Subject, Nature and Scope of the Audit**

The subject of our audit was the bookkeeping system, the annual financial statements for the finan-cial year from April 01, 2022 through March 31, 2023, prepared in accordance with the regulations stipulated by commercial law for all merchants (Sections 242 to 256 HGB), the supplementary regu-lations for corporations and for certain commercial partnerships (Sections 264 to 288 HGB). The re-sponsibility for the compliance of the bookkeeping system and the annual financial statements with the applicable requirements lies with the Company’s legal representatives. Our responsibility was to examine these documents to determine whether they comply with the statutory accounting regula-tions.

Our audit also included assessing whether the management has taken suitable measures to ensure that developments endangering the going concern of the Company are recognized at an early stage (risk early recognition system). We satisfied ourselves that the system is capable of fulfilling its ob-jectives.

According to Section 317 (4a) HGB, our audit does not have to extend to whether the continued ex-istence of the audited company or the effectiveness and profitability of the management can be guaranteed.

Our engagement to audit the annual financial statements did not include assessing the appropriate-ness of the Company’s insurance coverage, or in particular, whether all risks have been recognized and sufficiently insured.

We conducted our audit at the Company’s premises in Bremen, as well as in our office.

We hereby confirm, to have considered the regulations for independence of the Auditor according to § 321 Abs. 4a HGB.

For business year from April 01, 2022 to March 31, 2023 the starting point was the annual financial statements for the financial year from April 01, 2021 through March 31, 2022, which we had audited and provided with an unqualified auditors´ report.

We conducted our audit in accordance with the regulations of Section 316 et seqq. HGB and the generally accepted standards for the audit of financial statements as set forth in the IDW Auditing Standards. In accordance herewith we planned our audit in such a way as to detect any inaccuracies and violations of statutory provisions which have a material influence on the presentation of a true and fair view of the net assets, financial position and results of operations. Our engagement did not include detecting or clarifying criminal offenses (such as fraud or any other form of breach of trust) or breach of administrative rules unrelated to the accounting context, or assessing the effectiveness or operational efficiency of the management. However, we planned and conducted our audit such that misstatements and violations which are material to the accounting would be detected with reasonable assurance. The responsibility for the avoidance and detection of misstatements and violations lies with the Company’s legal representatives.

In accordance with our risk-driven audit approach we initially acquired up-to-date knowledge of the economic and legal environment of the Company and, through interviews with the management, gathered information about those business risks that may lead to material errors in the accounting records. In addition to that, we examined what measures the Company has taken to manage these business risks. In this connection, we examined the appropriateness of the Company’s accounting-related internal control system.

We considered this knowledge in determining our further audit procedures. In areas where manage-ment has implemented adequate internal controls to limit such risks, we conducted tests of operation to satisfy ourselves of the continuous effectiveness of those internal controls. The degree of effectiveness of those internal controls determined the nature and scope of our examination of individual business transactions and balances and the extent of our analytical audit procedures. To the extent we could rely on the accuracy of the figures to be audited because of the effectiveness of the Company’s internal controls, we extensively reduced the scope of our examination of individual transactions. Especially in the case of business transactions which, by their nature, are recorded and processed in large numbers according to identical procedures and within the framework of effective internal control (according to our preliminary findings), the audit focused on the consistent application of the Company's internal controls. In the other areas, we mainly conducted tests of details on a sample basis, and analytical audit procedures. In accordance with the principle of materiality and the requirement of audit procedure efficiency we therefore performed substantive audit procedures to obtain audit assurance.

To audit the items in the annual financial statements of the Company, we reviewed, among other things, excerpts from the Land Register and Commercial Register, supply and service contracts, loan contracts as well as other business records. We observed the physical count of inventories in Bremen. In order to identify potential risks from pending litigation, we requested attorneys' confirma-tions, and to audit trade receivables and payables, we requested balance confirmations as of March 31, 2023 (reference date). We obtained bank confirmations as of March 31, 2023 (reference date) in order to audit the relationships with financial services institutions.

The management and the staff members authorized by the management supplied us with all infor-mation and supporting documentation which we requested.

The management submitted to us a standard letter of representation relating to the annual financial statements.

## D. Findings Regarding Accounting Records

### I. Appropriateness of Accounting Records

### 1. Bookkeeping System and Other Audited Records

According to our findings, the bookkeeping system and the voucher system are proper and in compliance with the statutory regulations. The information obtained from other records audit-ed properly depicts the bookkeeping system and the annual financial statements.

According to our findings, the accounting-related internal control system is generally suitable to ensure complete and accurate recording, processing, documentation and safeguarding of the bookkeeping data.

### 2. Annual Financial Statements

The annual financial statements of Rifox for the financial year from April 1, 2022 through March 31, 2023 were prepared in accordance with the statutory provisions including legal form, German principles of proper accounting.

The balance sheet and the income statement were properly derived from the bookkeeping system and the other audited records. In doing so, the recognition, disclosure and valuation requirements of commercial law were observed.

The notes to the financial statements comply with the statutory provisions. The disclosures in the notes to the financial statements are complete and appropriate.

### II. Overall Impression given by the Annual Financial Statements

The annual financial statements comply with the statutory provisions and, as a whole, give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting.

To provide a better understanding of the overall impression given by the annual financial state-ments, we refer below, as required by law, to the material valuation bases and the influence that changes to the valuation bases have had, as a whole, on the overall impression given by the an-nual financial statements (Section 321 (2) Clause 4 HGB); we refer to the notes to the financial statements for the financial year 2022/2023 (Appendix III).

## III. Analysis of the net assets, financial position and results of operations

### 1. Net assets and financial position

The comparison of the balance sheet as at March 31, 2023 to the balance sheet as at March 31, 2022 structured by aspects of solvency, leads to the following changes; items with a re-maining period up to one year are refered to as short-term tied.

| | March 31, 2023 | | March 31, 2022 | | Change |
|---|---|---|---|---|---|
| | TEUR | % | TEUR | % | TEUR |
| **Assets structure** | | | | | |
| Long- and medium-term tied | | | | | |
| Tangible assets | 173 | 8.4 | 319 | 17.2 | -146 |
| | 173 | 8.4 | 319 | 17.2 | -146 |
| Short-term tied | | | | | |
| Stocks | 1,053 | 51.0 | 920 | 49.7 | 133 |
| Debtors and other assets | 329 | 15.9 | 383 | 20.7 | -54 |
| Cash items | 496 | 24.0 | 219 | 11.8 | 277 |
| Prepaid expenses | 12 | 0.6 | 9 | 0.5 | 3 |
| | 1,890 | 91.6 | 1,531 | 82.8 | 359 |
| | 2,063 | 100.0 | 1,850 | 100.0 | 213 |
| **Financial structure** | | | | | |
| Long and medium-term available | | | | | |
| Shareholders' equity | 1,386 | 67.2 | 1,046 | 56.5 | 340 |
| | 1,386 | 67.2 | 1,046 | 56.5 | 340 |
| Short-term payable | | | | | |
| Provisions | 220 | 10.7 | 235 | 12.7 | -15 |
| Advance payments | 0 | 0.0 | 446 | 24.1 | -446 |
| Trade creditors | 94 | 4.6 | 52 | 2.8 | 42 |
| Other creditors | 363 | 17.6 | 71 | 3.8 | 292 |
| | 677 | 32.8 | 804 | 43.5 | -127 |
| | 2,063 | 100.0 | 1,850 | 100.0 | 213 |

Total assets amounted to TEUR 2.063 as at March 31, 2023, which is TEUR 213 more than the TEUR 1.850 reported as at March 31, 2022. This is largely caused by the increase of cash items(TEUR 277) and higher stocks (TEUR 133). The decrease in fixed assets (TEUR 146) is due to depreciation and the sale of the bus.

Equity increased by TEUR 340 to TEUR 1.386 as at the balance sheet date on March 31, 2023. This is due to the result for the financial year 2022/2023.

The provisions decreased from TEUR 235 to TEUR 220, due to lower obligations to personnel (vacation, overtime and bonuses).

The advance payments decreased by TEUR 446 to TEUR 0 due to the completed bus project, accordingly the other creditors increased from TEUR 71 to TEUR 363.

The development of the financial position and results of operations, as well as the causative transactions, is shown by a statement of changes in financial positions (rounding differences are accepted) - according to the German Accounting Standard No. 21 - year on year - as follows:

# Rifox-Hans Richter GmbH Spezialarmaturen, Bremen (Germany)

| | 2023<br>TEUR | 2022<br>TEUR |
|---|---|---|
| Net result | 340 | 268 |
| Loss from disposal of fixed assets | 25 | 0 |
| Depreciation | 55 | 64 |
| | 420 | 332 |
| Changes on assets (-increase/+decrease) | | |
| Stocks | -133 | -38 |
| Receivables and other assets | 54 | 76 |
| Deferred charges | -3 | -1 |
| Changes on liabilities and shareholders' equity (+increase/-decrease) | | |
| Provisions | -15 | 84 |
| Advance payments received | -446 | 46 |
| Trade creditors | 41 | -107 |
| Other creditors | 293 | 4 |
| **Cash flow from operating activities** | **211** | **396** |
| Proceeds from disposal of property, plant and equipment | 164 | 0 |
| Purchase of property, plant and equipment | -98 | -41 |
| **Cash flow from investing activities** | **66** | **-41** |
| Liabilities to banks | 0 | -137 |
| Cash payments to lenders | 0 | 0 |
| **Cash flow from financing activities** | **0** | **-137** |
| Change in cash funds from cash relevant transactions | 277 | 218 |
| Cash funds at the beginning of period | 219 | 1 |
| **Cash funds at the end of period** | **496** | **219** |

The solvency of the company was not at risk during the reporting year and up to our audit in April 2023.

### 2. Results of operations

Based on the income statement (Appendix II) we ascertained the following statement of operations with a view to economic aspects - according to accounting principles - for 2023 - financial year on year:

| | 2023 | | 2022 | | Change |
|---|---|---|---|---|---|
| | TEUR | % | TEUR | % | TEUR |
| **Operating income** | 4,010 | 100.0 | 3,839 | 100.0 | 171 |
| Cost of material | 1,195 | 29.8 | 1,010 | 26.3 | 185 |
| Gross profit | 2,815 | 70.2 | 2,829 | 73.7 | -14 |
| Other operating income | 454 | 11.3 | 265 | 6.1 | 189 |
| Staff costs | 2,258 | 56.3 | 1,954 | 50.9 | 304 |
| Depreciation | 55 | 1.4 | 64 | 1.7 | -9 |
| Other operating charges | 596 | 14.9 | 805 | 21.0 | -209 |
| Operating charges | 2,455 | 61.2 | 2,558 | 66.6 | -103 |
| **Operating income (EBIT)** | 360 | 9.0 | 271 | 7.1 | 89 |
| Interest receivables and similar income | 0 | 0.0 | 0 | 0.0 | 0 |
| Interest and other similar charges | 3 | 0.1 | 2 | 0.1 | 1 |
| Financial Income | -3 | -0.1 | -2 | -0.1 | -1 |
| **Operating- and financial income** | **357** | **8.9** | **269** | **7.0** | **88** |
| Nonoperating income | 0 | 0.0 | 0 | 0.0 | 0 |
| Income taxes | 16 | 0.4 | 0 | 0.0 | 16 |
| **Nonoperating results** | **-16** | **-0.4** | **0** | **0.0** | **-16** |
| Other taxes | 1 | 0.0 | 1 | 0.0 | 0 |
| **Result for the year** | **340** | **8.5** | **268** | **7.0** | **72** |

The result for the year increased by TEUR 72 to TEUR 340 compared to the result for the year 2021/2022. The margin decreased from 73,7% to 70,2%.

The positive business development is mainly due to higher sales prices and a few very adequate orders. The increase in other operating income and staff costs are due to another sales staff, Mr Sebastian Gross, which are recharged to Thermax Ltd. The lower other operating charges results from to the bus project, which was completed.

### 3. Material company ratios - year on year

The following table illustrates the development of the company overall:

| | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Balance sheet total | (TEUR) | 2,063 | 1,850 | 1,692 | 1,446 | 1,318 | 1,508 |
| Equity | (TEUR) | 1,386 | 1,046 | 778 | 673 | 521 | 382 |
| Turnover | (TEUR) | 4,010 | 3,839 | 2,817 | 3,416 | 3,321 | 3,356 |
| Gross profit | (TEUR) | 2,815 | 2,829 | 1,953 | 2,417 | 2,350 | 2,321 |
| Result for the year | (TEUR) | 340 | 268 | 106 | 152 | 139 | 41 |
| Cash flow | (TEUR) | 420 | 332 | 156 | 185 | 168 | 70 |
| Equity ratio | in % | 67.2 | 56.5 | 46.0 | 46.5 | 39.5 | 25.3 |

### E. Conclusion

We have prepared the above report on the audit of the annual financial statements of Rifox-Hans Richter GmbH Spezialarmaturen, Bremen, for the financial year from April 01, 2022 through March 31, 2023 in accordance with the statutory regulations and the generally accepted standards for the issuance of long-form audit reports for the audits of financial statements (IDW PS 450 n.F)

## Balance Sheet as at 31 March 2023

| | 2022/23 | | 2021/22 | |
|---|---|---|---|---|
| | **EUR** | **Rs Lacs** | EUR | Rs Lacs |
| **A. Fixed assets** | | | | |
| **I. Intangible assets** | | | | |
| 1. Concessions, industrial property and similar rights and assets and licences in such rights and assets | **46,158** | **41.11** | 2,949 | 2.47 |
| 2. Advance payments | **-** | **-** | 9,941 | 8.34 |
| **II. Tangible assets** | | | | |
| 1. Land, similar rights and buildings, including buildings on third-party land | **1,902** | **1.69** | 2,755 | 2.31 |
| 2. Other equipment, factory and office equipment | **125,079** | **111.39** | 303,463 | 254.48 |
| | **126,981** | **113.09** | 306,218 | 256.79 |
| **B. Current assets** | | | | |
| **I. Stocks** | | | | |
| 1. Finished goods and unfinished goods | **1,052,897** | **937.70** | 920,443 | 771.87 |
| | **1,052,897** | **937.70** | 920,443 | 771.87 |
| **II. Debtors and other assets** | | | | |
| 1. Trade debtors | **328,228** | **292.32** | 380,011 | 318.67 |
| 2. Other assets | **980** | **0.87** | 2,997 | 2.51 |
| | **329,207** | **293.19** | 383,008 | 321.19 |
| **III. Cash-in-hand, postal giro balances and bank balances** | **496,091** | **441.81** | 218,467 | 183.20 |
| **C. Prepaid expenses** | **11,890** | **10.59** | 8,975 | 7.53 |
| | **2,063,223** | **1,837.48** | 1,850,001 | 1,551.39 |

## Equity and Liabilities

| | 2022/23 | | 2021/22 | |
|---|---|---|---|---|
| | **EUR** | **Rs Lacs** | EUR | Rs Lacs |
| **A. Equity** | | | | |
| **I. Subscribed capital** | **716,469** | **638.08** | 716,469 | 600.82 |
| **II. Unappropriated profits brought forward** | **329,577** | **293.52** | 61,725 | 51.76 |
| **III. Net income for the year** | **339,591** | **302.43** | 267,852 | 224.62 |
| | **1,385,637** | **1,234.03** | 1,046,046 | 877.20 |
| **B. Provisions** | | | | |
| Tax provisions | **15,581** | **13.88** | - | - |
| **Other provisions** | **204,713** | **182.31** | 234,799 | 196.90 |
| C. Creditors | | | | |
| 1. Liabilities to banks | **-** | **-** | - | - |
| 2. Advance payment received | **-** | **-** | 446,010 | 374.02 |
| 3. Trade creditors | **93,576** | **83.34** | 52,114 | 43.70 |
| 4. Other creditors | **363,716** | **323.92** | 71,032 | 59.57 |
| | **457,293** | **407.26** | 569,156 | 477.29 |
| -of with taxes : EUR 36,192.98 (2022 : TEuro 35) | | | | |
| | **2,063,223** | **1,837** | 1,850,001 | 1,551.39 |

Exchange rate : as at 31st Mar 23 is 1 Euro = Rs 89.0586

Exchange rate : as at 31st Mar 22 is 1 Euro = Rs 83.8589

# Rifox-Hans Richter GmbH Spezialarmaturen, Bremen (Germany)

## Income Statement for Financial Year 2022-2023

| | **2022/23** | | 2021/22 | |
|---|---|---|---|---|
| | **EUR** | **Rs Lacs** | EUR | Rs Lacs |
| 1. Turnover | **3,877,743** | **3,453.47** | 3,800,889 | 3,187.38 |
| 2. Inventory changes- finished and unfinished goods | **132,454** | **117.96** | 38,228 | 32.06 |
| 3. Other operating income | **453,690** | **404.05** | 264,479 | 221.79 |
| | **4,463,887** | **3,975.48** | 4,103,597 | 3,441.23 |
| 4. Cost of materials | | | | |
| a) Cost of raw materials, consumables and goods for resale | **1,033,031** | **920.00** | 889,654 | 746.05 |
| b) Cost for purchased services | **161,965** | **144.24** | 120,127 | 100.74 |
| | **1,194,996** | **1,064.25** | 1,009,781 | 846.79 |
| 5. Staff costs | | | | |
| a) Wages and salaries | **1,875,199** | **1,670.03** | 1,570,849 | 1,317.30 |
| b) Social security, pension and other benefits | **383,480** | **341.52** | 383,136 | 321.29 |
| | **2,258,679** | **2,011.55** | 1,953,985 | 1,638.59 |
| 6. Amortisation and depreciation of fixed intangible and tangible assets | **55,260** | **49.21** | 63,541 | 53.28 |
| 7. Other operating charges | **595,856** | **530.66** | 804,945 | 675.02 |
| | **2,909,795** | **2,591.42** | 2,822,470 | 2,366.89 |
| 8. Other interest receivable and similar income | **268** | **0.24** | - | - |
| 9. Interest payable and other similar charges | **2,578** | **2.30** | 1,946 | 1.63 |
| 10. Income taxes | **15,652** | **13.94** | - | - |
| **10. Profit on ordinary activities** | **341,134** | **303.81** | 269,400 | 225.92 |
| 11. Other taxes | **1,544** | **1.37** | 1,548 | 1.30 |
| **12. Profit for the year** | **339,591** | **302.43** | 267,852 | 224.62 |

## Fixed Asset Movement Schedule to March 31, 2023

| | **Book value April 1, 2022** | **Additions** | **Reclassifications** | **Disposals** | **Depreciation** | **Write-up** | **Book value March 31, 2023** |
|---|---|---|---|---|---|---|---|
| | **EUR** | **EUR** | **EUR** | **EUR** | **EUR** | **EUR** | **EUR** |
| **I. Intangible assets** | | | | | | | |
| 1. Concessions, industrial property and similar rights and assets, and licences in such rights and assets | 2,949 | 34,876 | 9,941.25 | - | 1,608 | - | 46,158 |
| 2. Payments on account | 9,941 | - | (9,941.25) | - | - | - | - |
| | 12,890 | 34,876 | - | - | 1,608 | - | 46,158 |
| **II. Tangible assets** | | | | | | | |
| 1. Land, similar rights and buildings including buildings on third party land | 2,755 | - | - | - | 853 | - | 1,902 |
| 2. Other equipment, factory and office equipment | 303,463 | 63,211 | - | 188,796 | 52,799 | - | 125,079 |
| | 306,218 | 63,211 | - | 188,796 | 53,652 | - | 126,981 |
| | 319,108 | 98,087 | - | 188,796 | 55,260 | - | 173,139 |

# THERMAX SDN. BHD.
## (Malaysia)

***Board of Directors***
Sandeep Shirsat
Sandeep Mandke

***Registered Office***
Unit 23A-2, Level 23A,
Oval Tower, Menara Permata,
No. 685, Jalan Damansara,
60000 Kuala Lumpur

***Auditors***
HLB AAC PLT
Chartered Accountants
18 Jalan Pinggir 1/64, Jalan Kolam Air, Off
Jalan Sultan Azlan Shah ( Jalan Ipoh ),
51200 Kuala Lumpur, Malaysia

***Bankers***
Citi Bank, Malaysia

***Principal place of business***
Suite 50-4-3A
4th Floor, Wisma UOA Damansara
50, Jalan Dungun
50490 Kuala Lumpur

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 31 March 2023.

**Principal Activity**

The principal activity of the Company is that of undertaking market research and business development in Malaysia as well as provision of erection, commissioning and supervision services.

There has been no significant changes in the nature of this principal activity during the financial year.

**Financial Results**

| | RM |
|---|---|
| Profit for the financial year | 363,932 |

**Dividend**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

**Reserves and Provisions**

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

**Issue of Shares and Debentures**

There were no issuances of shares or debentures during the financial year under review.

**Options Granted Over Unissued Shares**

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

**Directors**

The Directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Shirsat Sandeep Manohar

Mandke Sandeep Suresh

**Directors' Interests in Shares or Debentures**

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

| | No. of ordinary shares | | | |
|---|---|---|---|---|
| | **As at 1.4.2022** | **Acquired** | **Disposed** | **As at 31.3.2023** |
| **Interest in the intermediate holding company - Thermax Limited** | | | | |
| **Direct interest** | | | | |
| Mandke Sandeep Suresh | 75 | - | - | 75 |

Other than as disclosed above, according to the register of Directors' shareholdings, the Director in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year.

**Directors' Benefits**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**Directors' Remuneration**

Directors' remuneration is as follows:

| | RM |
|---|---|
| Director's remuneration | |
| - Salary and allowances | 270,913 |
| - Benefits in kind | 88,668 |
| | 359,581 |

**Auditors' Remuneration**

Auditor's remuneration is as follows:

| | RM |
|---|---|
| HLB Ler Lum Chew PLT | |
| - Statutory audit | 12,200 |

**Indemnity and Insurance for Directors and Officers**

There was no indemnity given to or insurance effected for Directors or officers of the Company in accordance with Section 289 of the Companies Act, 2016.

# THERMAX SDN. BHD.
## (Malaysia)

**Other Statutory Information**

Before the financial statements of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(ii) the values attributed to the current assets in the financial statements of the Company misleading; or

(iii) adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(iv) any amount stated in the financial statements of the Company misleading.

No contingent or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(i) the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

**Immediate Holding Company**

The immediate holding company is Thermax Engineering Singapore Pte. Ltd., a company incorporated and domiciled in Singapore.

**Intermediate Holding Company**

The intermediate holding company is Thermax Limited, a company incorporated and domiciled in India.

**Ultimate Holding Company**

The Directors regard RDA Holdings Pvt. Ltd., a company incorporated in India, as the ultimate holding company.

**Auditors**

The auditors, HLB Ler Lum Chew PLT (201906002362 & AF0276), have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

SHIRSAT SANDEEP MANOHAR MANDKE SANDEEP SURESH

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**STATEMENT BY DIRECTORS**

**PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, SHIRSAT SANDEEP MANOHAR and MANDKE SANDEEP SURESH, being the Directors of THERMAX SDN. BHD., do hereby state that, in the opinion of the Directors, the financial statements set out on pages 12 to 39 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2023 and of its financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors.

SHIRSAT SANDEEP MANOHAR MANDKE SANDEEP SURESH

**STATUTORY DECLARATION**

**PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT,2016**

I, SHIRSAT SANDEEP MANOHAR, being the Director primarily responsible for the financial management of THERMAX SDN. BHD., do solemnly and sincerely declare that the financial statements set out on pages 12 to 39 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed SHIRSAT SANDEEP MANOHAR

at

on this date of

SHIRSAT SANDEEP MANOHAR

Before me,

COMMISSIONER FOR OATHS

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBER OF THERMAX SDN. BHD.**

Registration No.: 201101016787 (944923-K)

(Incorporated in Malaysia)

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of THERMAX SDN. BHD., which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 39.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence and Other Ethical Responsibilities**

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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 approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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.

**Other Matters**

1. As stated in Note 2(a) to the financial statements, the Company adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 April 2022 with a transition date of 1 April 2021. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statement of financial position of the Company as at 31 March 2022 and 1 April 2021, and the statement of profit or loss and other comprehensive

income, statement of changes in equity and statement of cash flows of the Company for the financial year ended 31 March 2022 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 March 2023, in these circumstances, including obtaining sufficient appropriate audit evidence that the opening balance as at 1 April 2022 do not contain misstatements that materially affect the financial position as at 31 March 2023 and the financial performance and cash flows for the financial year then ended.

2. The financial statements of the Company for the financial year ended 31 March 2022 were audited by another firm of chartered accountants whose report dated on 11 May 2022 expressed an unqualified opinion of these statements.

3. This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HLB LER LUM CHEW PLT
(201906002362 & AF0276)
Chartered Accountants

TANG YAN YU
Approved Number: 03452/10/2023 J
Chartered Accountant

KUALA LUMPUR
Date : 8 May 2023

## Statement of Profit or Loss and Other Comprehensive Income

### For the Financial Year Ended 31 March 2023

| | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | RM | Rs Lacs | RM | Rs Lacs |
| Revenue | 12 | **7,478,534** | **1,393.36** | 1,515,561 | 273.28 |
| Cost of sales | | **(6,816,538)** | **(1,270.02)** | (1,408,226) | (253.93) |
| Gross Profit | | **661,996** | **123.34** | 107,335 | 19.35 |
| Other Operating income | | **1,473,828** | **274.60** | 1,678,625 | 302.69 |
| Administration Expenses | | **(1,604,121)** | **(298.87)** | (1,605,736) | (289.54) |
| Profit Before Taxation | 13 | **531,703** | **99.06** | 180,224 | 32.50 |
| Taxation | 14 | **(167,771)** | **(31.26)** | (53,792) | (9.70) |
| Profit / Total comprehensive income for the financial year | | **363,932** | **67.81** | 126,432 | 22.80 |

The accompanying notes form an integral part of the financial statements
Exchange Rate : as at 31 March 2023 is 1 RM = Rs 18.63
Exchange Rate : as at 31 March 2022 is 1 RM = Rs 18.03

### STATEMENT OF FINANCIAL POSITION AS AT 31 March 2023

| | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | RM | Rs Lacs | RM | Rs Lacs |
| **Non-Current assets** | | | | | |
| Property, Plant and Equipment | 3 | **3,031** | **0.56** | 3,938 | 0.71 |
| **Current Assets** | | | | | |
| Trade Receivable | 4 | **499,099** | **92.99** | - | - |
| Other receivables | 5 | **90,733** | **16.90** | 35,386 | 6.38 |
| Amount owing by customers on contracts | 6 | **437,874** | **81.58** | 515,261 | 92.91 |
| Amount owing by immediate Holding Company | 7 | **843,459** | **157.15** | 406,263 | 73.26 |
| Amount owing by Director | 8 | **6,114** | **1.14** | 920 | 0.17 |
| Tax Recoverable | | **56,395** | **10.51** | 38,539 | 6.95 |
| Cash & Bank Balance | | **1,440,039** | **268.30** | 1,728,542 | 311.69 |
| | | **3,373,713** | **628.57** | 2,724,911 | 491.35 |
| **Current Liabilities** | | | | | |
| Trade Payable | 9 | **1,476,447** | **275.08** | 38,687 | 6.98 |
| Other Payables | 10 | **295,397** | **55.04** | 1,751,564 | 315.84 |
| Provision for taxation | | **-** | **-** | - | - |
| Contract Liabilities | 6 | **302,370** | **56.34** | - | - |
| | | **2,074,214** | **386.46** | 1,790,251 | 322.81 |
| Net Current assets | | **1,299,499** | **242.12** | 934,660 | 168.54 |
| | | **1,302,530** | **242.68** | 938,598 | 169.25 |
| **Financed By:** | | | | | |
| Share Capital | 11 | **500,000** | **93.16** | 500,000 | 90.16 |
| Retained Profits | | **802,530** | **149.52** | 438,598 | 79.09 |
| Shareholder's fund | | **1,302,530** | **242.68** | 938,598 | 169.25 |

Approved by the Board of Directors on 8th May, 2023 and signed on its behalf by:

**Sandeep Shirsat**
Director

**Sandeep Mandke**
Director

## Statement of Cash Flows

### For the Financial Year Ended 31 March 2023

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | RM | Rs Lacs | RM | Rs Lacs |
| **Cash Flows From Operating Activities** | | | | |
| Profit before taxation | **531,703** | **99.06** | 180,224 | 32.50 |
| Adjustments for:- | | | | |
| Depreciation of property, plant and equipment | **907** | **0.17** | 561 | 0.10 |
| Expected credit losses allowance | **10,360** | **1.93** | - | - |
| Other receivables written-off | **12,751** | **2.38** | - | - |
| Unrealised loss on foreign exchange | **1,617** | **0.30** | 5,138 | 0.93 |
| Operating profit before working capital changes | **557,338** | **103.84** | 185,923 | 33.53 |
| Changes in working capital | | | | |
| Trade receivables | **(509,459)** | **(94.92)** | - | - |
| Other receivables | **(68,098)** | **(12.69)** | 202,040 | 36.43 |
| Amount owing by customers on contracts | **379,757** | **70.75** | (515,261) | (92.91) |
| Amount owing by immediate holding company | **(437,196)** | **(81.46)** | 178,134 | 32.12 |
| Trade payables | **1,436,143** | **267.58** | 33,549 | 6.05 |
| Other Payables | **(1,456,167)** | **(271.31)** | 1,579,231 | 284.76 |
| Amount Owing to a Director | **(5,194)** | **(0.97)** | 7,351 | 1.33 |
| | **(660,214)** | **(123.01)** | 1,485,044 | 267.78 |
| Cash used in operations | **(102,876)** | **(19.17)** | 1,670,967 | 301.31 |
| Tax paid | **(185,627)** | **(34.59)** | (116,134) | (20.94) |
| Net cash used in operating activities | **(288,503)** | **(53.75)** | 1,554,833 | 280.36 |
| **Cash flows from Investing Activities** | | | | |
| Purchase of property,plant and equipment | **-** | **-** | (4,150) | (0.75) |
| Net cash used in investing activities | **-** | **-** | (4,150) | (0.75) |
| Net decrease in cash and cash equivalents | **(288,503)** | **(53.75)** | 1,550,683 | 279.62 |
| Cash and cash equivalents at the beginning of the financial year | **1,728,542** | **322.05** | 177,859 | 32.07 |
| **Cash and cash equivalents at end of the financial year** | **1,440,039** | **268.30** | 1,728,542 | 311.69 |
| Cash and cash equivalents at end of the financial year comprises: | | | | |
| Cash & Bank Balances | **1,440,039** | **268.30** | 1,728,542 | 311.69 |

The accompanying notes form an integral part of the financial statements.

## Statement of Changes in Equity For the Year Ended March 31, 2023

| | | Share Capital | | Retained Profits | | Total | |
|---|---|---|---|---|---|---|---|
| | | RM | Rs Lacs | RM | Rs Lacs | RM | Rs Lacs |
| At 1 April 2022 | | **500,000** | **93.16** | **438,598** | **81.72** | **938,598** | **174.88** |
| Adjustment in share capital | | **-** | **-** | **-** | **-** | **-** | **-** |
| Profit / Total comprehensive income for the year | | **-** | **-** | **363,932** | **67.81** | **363,932** | **67.81** |
| At 31 March 2023 | | **500,000** | **93.16** | **802,530** | **149.52** | **1,302,530** | **242.68** |
| At 1 April 2021 | | 500,002 | 93.16 | 312,164 | 58.16 | 812,166 | 151.32 |
| Adjustment in share capital | 11 | (2) | (0.00) | 2 | 0.00 | - | - |
| Profit / Total comprehensive income for the year | | - | - | 126,432 | 23.56 | 126,432 | 23.56 |
| At 31 March 2022 | | 500,000 | 93.16 | 438,598 | 81.72 | 938,598 | 174.88 |

### Notes to Financial Statements March 31, 2023

**1. Corporate Information**

The principal activity of the Company is that of undertaking market research and business development in Malaysia as well as provision of erection, commissioning and supervision services.

There has been no significant changes in the nature of this principal activity during the financial year.

The registered office and principal place of business of the Company is located at Unit 23A-2, Level 23A, Oval Tower, Menara Permata, No. 685, Jalan Damansara, 60000 Kuala Lumpur.

The Company is a private limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia.

The immediate holding company is Thermax Engineering Singapore Pte. Ltd., a company incorporated and domiciled in Singapore.

The intermediate holding company is Thermax Limited, a company incorporated and domiciled in India.

The Directors regard RDA Holdings Pvt. Ltd., a company incorporated in India, as the ultimate holding company.

**2. Basis of Preparation and Significant Accounting Policies**

**(a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

During the financial year, the Company has adopted the MFRS issued by the Malaysian Accounting Standards Board ("MASB"). The financial statements of the Company for the financial year ended 31 March 2023 represent the first set of financial statements prepared in accordance with MFRS including MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards" has been applied. In previous financial years, the financial statements of the Company were prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS").

The Company has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 April 2021 (date of transition to MFRS) and throughout the financial years presented, as if these policies had always been in effect. The transition from MPERS to MFRS do not have any significant impact to the financial results and position of the Company.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported year. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(b) to the financial statements.

Accounting standard and amendments to accounting standards that are applicable for the Company in the following periods but are not yet effective:

**Annual periods beginning on/after 1 January 2023**

- MFRS 17, "Insurance Contracts"
- Amendments to MFRS 17, "Insurance Contracts" (Initial application of MFRS 17 and MFRS 9 - Comparative Information)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)
- Amendments to MFRS 108, "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)
- Amendments to MFRS 112, "Income Taxes" (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)
- Amendments to MFRS 16, "Leases" (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101, "Presentation of Financial Statements" (Non-current Liabilities with Covenants)

**Effective date yet to be determined by the Malaysian Accounting Standards Board**

- Amendments to MFRS 10, "Consolidated Financial Statements" and MFRS 128, "Investments in Associates and Joint Ventures" (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The adoption of the accounting standard and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Company.

**(b) Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revenue recognition from construction contracts

The Company recognises revenue from construction contracts over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation using the input method. The input method recognises revenue based on direct measurements of the value transferred by the Company to the customer and the Company's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining:

- the completeness and accuracy of the budgets;
- the extent of the costs incurred.

Substantial changes in cost estimates in future period can have a significant effect on the Company's revenue recognised. In making the above judgement, the Company relies on past experience and work of specialists.

**(c) Foreign currencies**

*(i) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

*(ii) Transaction and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the translation reserve.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

The principal closing rates used in translation of foreign currency amounts at the financial position were:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Foreign currency | | |
| United States Dollar ("USD") | 4.4170 | 4.2060 |

**(d) Property, plant and equipment**

*(i) Recognition and measurement*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in profit or loss.

*(ii) Depreciation and impairment*

Property, plant and equipment are depreciated on the straight line method to allocate the cost less its residual values over their estimated useful lives as follows:

| | |
|---|---|
| Office equipment | 5 -10 years |

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

**(e) Impairment of non-financial assets**

The carrying amounts of non-financial assets (excluding inventories, deferred tax assets, investment property measured at fair value and biological assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of 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 cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. An impairment loss in respect of goodwill is not reversed. Other impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications 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 since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss unless it reverses an impairment loss on a revalued asset in which it is taken to the revaluation reserve in the financial year in which the reversals are recognised.

**(f) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three month or less, and are used by the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**(g) Financial instruments**

*(i) Classification*

The Company classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL")

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

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

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

*(ii) Recognition and initial measurement*

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.

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

*(iii) Subsequent measurement*

Debt instruments

Debt instruments mainly comprise of trade and other receivables, amount owing by holding company and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

  Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI

  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- FVTPL

  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Company has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Company's right to receive payments is established.

*(iv) Impairment*

The Company assesses expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Company expects to receive, over the remaining life of the financial instrument.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Company defines a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Company considers the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity.

**(h) Financial liabilities**

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Finance liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value though profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(i) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(j) Share capital**

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

Other shares that carry mandatory dividend payments and mandatory redemption are classified as financial liabilities or a compound instrument according to the economic substance of the instrument.

**(k) Leases**

*(i) Accounting by lessee*

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Company.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

**(l) Current and deferred income tax**

Income tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(n) Revenue from contracts with customers**

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Company transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Company and its customer have approved the contract and intend to perform their respective obligations, the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Construction contracts

Revenue from construction activities is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Company's performance creates and enhances an asset that the customer controls as the Company performs.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

Incremental costs of obtaining a contract, if recoverable, are capitalised as contract assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

**(o) Employee benefits**

*(i) Short-term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(ii) Defined contribution plans*

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

**3. PROPERTY, PLANT AND EQUIPMENT**

| | **Office equipment** |
|---|---|
| | RM |
| **Cost** | |
| At 1.4.2022/31.3.2023 | 4,920 |
| **Accumulated depreciation** | |
| At 1.4.2022 | 982 |
| Charge for the financial year | 907 |
| At 31.3.2023 | 1,889 |
| **Carrying amount** | |
| **At 31.3.2023** | 3,031 |
| **Cost** | |
| At 1.4.2021 | 770 |
| Addition | 4,150 |
| At 31.3.2022 | 4,920 |
| **Accumulated depreciation** | |
| At 1.4.2021 | 421 |
| Charge for the financial year | 561 |
| At 31.3.2022 | 982 |
| **Carrying amount** | |
| **At 31.3.2022** | 3,938 |

**4. Trade Receivables**

The Company does not grant credit term to customers. As such, invoices are due for payment upon issuance.

At the reporting date, the Company's concentration of the top 2 (2022: Nil) trade customers of the Company represents 95% (2022: Nil) of the total trade receivables.

The ageing analysis of the Company's trade receivables is as follows:

| | **2023** | 2022 |
|---|---|---|
| | **RM** | RM |
| Past due 1 - 90 days but not individually impaired | **498,648** | - |
| Past due more than 180 days but not individually impaired | **451** | - |
| | **499,099** | - |

The Company's trade receivables that are past due at the reporting date but not impaired relate mainly to customers who have never defaulted on payments but are slow paymasters and are periodically monitored.

**5. Other Receivables**

| | **2023** | 2022 |
|---|---|---|
| | **RM** | RM |
| Other receivables | **16,248** | 13,363 |
| Deposits | **24,485** | 22,023 |
| Prepayment | **50,000** | - |
| | **90,733** | 35,386 |

## Notes to Financial Statements March 31, 2023

### 6. Contract Assets/(Contract Liabilities)

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Aggregate costs incurred to date | **8,134,637** | 1,315,957 |
| Add: Attributable profit | **759,859** | 199,604 |
| | **8,894,496** | 1,515,561 |
| Less: Progress billings | **(8,748,632)** | (1,000,300) |
| Less: Expected credit loss allowances | **(10,360)** | - |
| | **135,504** | 515,261 |
| **Represented by:** | | |
| - Contract assets | **437,874** | 515,261 |
| - Contract liabilities | **(302,370)** | - |
| | **135,504** | 515,261 |

Movement on the expected credit loss allowances on contract assets is as follows:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| At beginning of the financial year | **-** | - |
| Charge during the financial year | **10,360** | - |
| At end of the financial year | **10,360** | - |
| **Represented by:** | | |
| Lifetime expected credit loss | **10,360** | - |

<u>Unsatisfied long-term contracts</u>

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied as at the reporting date of the Company was RM1,520,054 (2022: RM6,816,700) of which the Company expects to be recognised as revenue over the next 12 months (2022: 12 months).

### 7. Amount Owing by Holding Company

This represents non trade, unsecured, interest free and repayable on demand owing by intermediate holding company.

### 8. Amount Owing by a Director

This represents unsecured, interest-free advances to a Director for carrying out his duties.

### 9. Trade Payable

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Trade payables | **1,399,672** | 38,687 |
| Accrued purchases | **76,775** | - |
| | **1,476,447** | 38,687 |

The normal trade credit terms granted to the Company range from 30 to 45 days (2022: 30 days).

Included in trade payables of the Company is an amount of RM1,116,957 (2022: RM38,687) payable to intermediate holding company.

The currency exposure profile of trade payables are as follows:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Ringgit Malaysia | **401,061** | - |
| United States Dollar | **1,075,386** | 38,687 |
| | **1,476,447** | 38,687 |

### 10. Other Payables

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Other payables | **4,801** | 16,977 |
| Advances received from customers | **261,716** | 1,709,265 |
| Accruals | **28,880** | 25,322 |
| | **295,397** | 1,751,564 |

### 11. Share Capital

| | Number of ordinary shares | | Amount | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Units | Units | RM | RM |
| **Issued and fully paid** | | | | |
| At 1 April | **500,000** | 500,002 | **500,000** | 500,002 |
| Adjustment | **-** | (2) | **-** | (2) |
| At 31 March | **500,000** | 500,000 | **500,000** | 500,000 |

In prior year, the Company has reviewed the annual return and noticed a variance of RM2. As the amount is immaterial, it was adjusted to retained earnings.

### 12. Revenue

Breakdown of revenue recognised from contracts with customers is as follows:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| **Revenue recognised from contracts with customers:** | | |
| Erection, commissioning and supervising activities | **7,478,534** | 1,515,561 |
| **Geographical market** | | |
| Malaysia | **7,478,534** | 1,515,561 |
| **Timing of revenue recognition** | | |
| At a point in time | **99,600** | - |
| Over time | **7,378,934** | 1,515,561 |
| | **7,478,534** | - |

### Notes to Financial Statements March 31, 2023

**13. Profit Before Taxation**

Profit before taxation is derived after charging:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Auditors' remuneration | | |
| - Current year | **11,500** | 4,800 |
| - Under provision in prior year | **700** | - |
| Other receivables written-off | **12,751** | - |
| Directors' remuneration: | | |
| - Salary and allowances | **270,913** | 221,131 |
| - Benefits in kind | **88,668** | 88,842 |
| Depreciation of property, plant and equipment | **907** | 561 |
| Expected credit loss allowance | **10,360** | - |
| Office rental | **18,000** | 18,000 |
| Realised loss on foreign exchange | **36,072** | - |
| Unrealised loss on foreign exchange | **1,617** | 5,138 |

**14. Taxation**

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Current taxation: | | |
| - Current year | **158,076** | 58,162 |
| - Under/(over) provision in prior years | **9,695** | (4,370) |
| | **167,771** | 53,792 |

Income tax is calculated at the statutory rate of 24% (2022: 24%) on the chargeable income of the estimated assessable profit for the financial year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to the income tax expense at the effective income tax rate of the Company is as follows:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Profit before taxation | **531,703** | 180,224 |
| Taxation on statutory tax rate of 24% (2022: 24%) | **127,609** | 43,254 |
| Changes in unrecognised temporary differences | **2,694** | - |
| Expenses not deductible for tax purposes | **27,773** | 14,908 |
| Under/(Over) provision of taxation in prior years | **9,695** | (4,370) |
| Taxation for the financial year | **167,771** | 53,792 |

The deductible temporary differences of the Company for which no deferred tax assets were recognised in the statement of financial position are as follows:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Deferred tax assets | | |
| - provisions | **2,486** | - |
| - unrealised foreign exchange difference | **1,621** | 1,233 |
| | **4,107** | 1,233 |
| Offsetting | **(727)** | (547) |
| Net deferred tax assets not recognised | **3,380** | 686 |
| Deferred tax liabilities | | |
| - property, plant and equipment | **727** | 547 |
| Offsetting | **(727)** | (547) |
| Net deferred tax liabilities | **-** | - |

**15. Staff Costs**

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Staff costs (excluding Directors) | **677,050** | 1,015,503 |

Included in staff costs of the Company (excluding Directors) is contributions made to the Employees Provident Fund under a defined contribution plan amounting to RM41,886 (2022:RM33,921).

The total number of employees of the Company (excluding Directors) at the end of the financial year was 5 (2022: 6).

**16. Significant Related Party Transactions**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions are as follows:

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| Administration fee charged to intermediate holding company | **1,473,828** | 1,678,625 |
| Purchase of equipment from intermediate holding company | **3,908,584** | 441,261 |

The remuneration of Director during the financial year is disclosed in Note 13 to the financial statements.

**17. Financial Instruments**

| | 2023 | 2022 |
|---|---|---|
| | **Amortised costs** | Amortised costs |
| | RM | RM |
| **Financial assets** | | |
| Trade receivables | **499,099** | - |
| Other receivables | **40,733** | 35,386 |
| Amount owing by holding company | **843,459** | 406,263 |
| Amount owing by a Director | **6,114** | 920 |
| Cash and bank balances | **1,440,039** | 1,728,542 |
| | **2,829,444** | 2,171,111 |
| **Financial liabilities** | | |
| Trade payable | **1,476,447** | 38,687 |
| Other payables | **295,397** | 1,751,564 |
| | **1,771,844** | 1,790,251 |

## Notes to Financial Statements March 31, 2023

**Financial risk management objectives and policies**

The Company financial risk management policy is to ensure that adequate financial resources are available for the development of the Company's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty of a financial asset fails to meet its contractual obligations. The Company's exposure to credit risk arises mainly from trade and other receivables, contract assets and intercompany receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables and contract assets ageing. At reporting date, there were no significant concentrations of credit risk other than those disclosed in Note 4. The Company monitors the result of the related parties regularly to safeguard credit risk on balances from intercompany receivables.

The maximum exposure to credit risk for the Company is the carrying amount of the financial assets shown in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from trade and other payables.

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted payments:

| | Carrying amount | Contractual interest rate | Contractual cash flow | On demand or within one year |
|---|---|---|---|---|
| | Units | Units | RM | RM |
| **2023** | | | | |
| Trade payables | **1,476,447** | - | **1,476,447** | **1,476,447** |
| Adjustment | **295,397** | - | **295,397** | **295,397** |
| | **1,771,844** | - | **1,771,844** | **1,771,844** |
| **2022** | | | | |
| Trade payables | **38,687** | - | **38,687** | **38,687** |
| Adjustment | **1,751,564** | - | **1,751,564** | **1,751,564** |
| | **1,790,251** | - | **1,790,251** | **1,790,251** |

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Company's financial position and cash flows.

(a) Foreign currency exchange risk

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency. The currencies give rise to this risk is primarily United States Dollar ("USD"). Foreign currency exchange risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Company's exposure to foreign currency exchange risk, denominated in USD, based on carrying amounts as at the end of the reporting period was:

| | **2023** | 2022 |
|---|---|---|
| | **RM** | RM |
| Trade payables | **1,075,386** | 38,687 |

The following shows the sensitivity of the Company's equity and profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency, with all other variables remain constant.

| | **Increase/(decrease)** | |
|---|---|---|
| | **Profit net of tax** | |
| | **2023** | 2022 |
| | **RM** | RM |
| USD/RM - strengthening 1% | **(8,173)** | (294) |
| USD/RM - weakening 1% | **8,173** | 294 |

Fair value information

The carrying amounts of cash and bank balances, trade and other receivables, amount owing by holding company, amount owing by a Director, trade and other payables are carried at their approximate fair values due to the relatively short term nature of these financial instruments.

The Company does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled. Therefore, the fair value hierarchy is not presented.

### 18. Capital Management

The objective of the Company's capital management is to ensure that it maintains a strong credit rating and safeguard the Company's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise its shareholders value.

During the financial year, the Company is not subject to externally imposed capital requirement as it does not have any external borrowings.

### 19. Date of Authorisation for Issue

The financial statements of the Company for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 8 May 2023.

# BOILERWORKS A/S

| Board of Directors | Registered Office | Auditors |
|---|---|---|
| Mahesh Channakeshaviah Bukinkere (Chairman)<br>Swapnil Vitthal Dhumane (Vice chairman)<br>Peter Overgaard | Industrivej Nord 13,<br>7400 Herning | Ernst & Young<br>Godkendt Revisionspartnerselskab<br>Havnegade 33<br>DK 6700 Esbjerg |
| **Executive Directors** | **Bankers** | |
| Peter Overgaard | Citi Bank<br>Sydbank | |

## Management Statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Boilerworks A/S for the financial year 1 April 2022 - 31 March 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 March 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Herning, 4 July 2023

**Executive Board:**

Peter Overgaard

**Board of Directors:**

Mahesh Channakeshaviah Bukinkere
Chairman

Swapnil Vitthal Dhumane
Vice chairman

Peter Overgaard

**Independent Auditor's Report**

**To the shareholder of Boilerworks A/S**

**Opinion**

We have audited the Financial Statements of Boilerworks A/S for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company´s operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report.

**Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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 ISAs and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Esbjerg, 4 July 2023

**EY**
Godkendt Revisionspartnerselskab
*CVR No 30 70 02 28*

| | |
|---|---|
| Morten Østergaard Koch | Claes J ensen |
| State Authorised Public Accountant | State Authorised Public Accountant |
| mne35420 | mne44108 |

**Company details**

| | |
|---|---|
| Name | Boilerworks A/S |
| Address, Postal code, City | Industrivej Nord 13, 7400 Herning |
| CVR no. | 35 22 67 88 |
| Municipality of reg. office | Herning |
| Financial year | 1 April 2022 - 31 March 2023 |
| Board of Directors | Mahesh Channakeshaviah Bukinkere, chairman |
| | Swapnil Vitthal Dhumane, vice chairman |
| | Peter Overgaard |
| Executive Board | Peter Overgaard |
| Auditors | EY |
| | Godkendt Revisionspartnerselskab |
| | Bavnehøjvej 5, |
| | 6700 Esbjerg, Denmark |

## Management review

**Key activities**

Boilerworks A/S, which has its registered address in the Danish municipality of Herning, is a fully owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

**Development in the year**

The income statement of the Company for 2022/23 shows a loss of TDKK 169, and at 31 March 2023 the balance sheet of the Company shows negative equity of TDKK 4,518.

The service activities in Boilerworks were sold at 1st November 2020. Only few projects need to be finally closed.

**Capital resources**

Management is aware that the Company is subject to capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through capital contributions once all projects and service activities are finalized.

**Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# BOILERWORKS A/S

## Financial Statement 31 March 2023
## Balance Sheet

| | NOTE | 2022/23 | | 2021/22 | |
|---|---|---|---|---|---|
| | | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| **Receivables** | | | | | |
| Trade receivables | | **103** | **12.32** | 103 | 11.61 |
| Contract work in progress | | **2,419** | **289.29** | 2,409 | 271.64 |
| Receivables from group entities | | **-** | **-** | 3,827 | 431.53 |
| Deferred Tax Assets | | **2,663** | **318.47** | 2,618 | 295.20 |
| Other receivables | | **17** | **2.03** | 14 | 1.58 |
| | | **5,202** | **622.11** | 8,971 | 1,011.56 |
| **Cash at bank and in hand** | | **165** | **19.73** | 154 | 17.36 |
| **Total current assets** | | **5,367** | **641.84** | 9,125 | 1,028.93 |
| **Total assets** | | **5,367** | **641.84** | 9,125 | 1,028.93 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | | **500** | **59.80** | 500 | 56.38 |
| Retained earnings | | **(5,018)** | **(600.11)** | (4,849) | (546.77) |
| **Total equity** | | **(4,518)** | **(540.31)** | (4,349) | (490.39) |
| **Provisions** | | | | | |
| Other provisions | | **432** | **51.66** | 432 | 48.71 |
| | | **432** | **51.66** | 432 | 48.71 |
| **Liabilities** | | | | | |
| **Long term debt** | 5 | | | | |
| Lease liabilities | | **-** | **-** | 43 | 4.85 |
| | | **-** | **-** | 43 | 4.85 |
| Lease obligations | | **70** | **8.37** | 85 | 9.58 |
| Trade payables | | **11** | **1.32** | 14 | 1.58 |
| Payables to group enterprises | 5 | **6,823** | **815.97** | 8,196 | 924.17 |
| Other payables | | **2,549** | **304.84** | 4,704 | 530.42 |
| **Short term debt** | | **9,453** | **1,130.49** | 12,999 | 1,465.75 |
| **Total liabilities** | | **9,453** | **1,130.49** | 13,042 | 1,470.60 |
| **Total Equity And liabilities** | | **5,367** | **641.84** | 9,125 | 1,028.93 |
| Capital resources | 1 | | | | |
| Contingent assets, liabilities and other financial obligations | 6 | | | | |
| Related parties | 7 | | | | |
| Accounting Policies | 8 | | | | |

## Income Statement 1st April 2022 - 31 March 2023

| | Note | 2022/23 | | 2021/22 | |
|---|---|---|---|---|---|
| | | DKK'000 | Rs Lacs | DKK'000 | Rs Lacs |
| **Gross profit** | | **(41)** | **(4.90)** | 592 | 66.75 |
| Distribution costs | | **-** | **-** | (626) | (70.59) |
| Administrative expenses | | **-** | **-** | (639) | (72.05) |
| **Operating (Loss)/ Profit** | | **(41)** | **(4.90)** | (673) | (75.89) |
| Financial income | 1 | **41** | **4.90** | 121 | 13.64 |
| Financial expenses | 2 | **(219)** | **(26.19)** | (398) | (44.88) |
| **Profit / (Loss) before tax** | | **(219)** | **(26.19)** | (950) | (107.12) |
| Tax on profit / (loss) for the year | 3 | **50** | **5.98** | 608 | 68.56 |
| **Profit / (Loss) for the year** | | **(169)** | **(20.21)** | (342) | (38.56) |

**Distribution of profit**

| | 2022/23 | | 2021/22 | |
|---|---|---|---|---|
| | **DKK'000** | **Rs Lacs** | DKK'000 | Rs Lacs |
| **Proposed distribution of profit** | | | | |
| Retained earning | (169) | (20.21) | (342) | (38.56) |
| | (169) | (20.21) | (342) | (38.56) |

## Statement of Changes in Equity

| | Share Capital | | Retained earnings | | Total Equity | |
|---|---|---|---|---|---|---|
| | **DKK'000** | **Rs Lacs** | **DKK'000** | **Rs Lacs** | **DKK'000** | **Rs Lacs** |
| Equity at 1 April | 500 | 59.80 | (4,849) | (579.90) | (4,349) | (520.10) |
| Net profit/loss for the year | - | - | (169) | (20.21) | (169) | (20.21) |
| **Equity at 31 March 2023** | **500** | **59.80** | **(5,018)** | **(600.11)** | **(4,518)** | **(540.31)** |

Exchange rate : as at 31st Mar 23 is 1 DKK = Rs 11.9591
Exchange rate : as at 31st Mar 22 is 1 DKK = Rs 11.2759

## NOTES TO THE FINANCIAL STATEMENTS

**1 Capital resources**

The Company is financed by payables to group companies. Group companies have declared that such payables will not be withdrawn unless sufficient cash resources in the company is available.

**2 Financial income**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Interest received from group enterprises | **37** | 10 |
| Other financial income | **4** | 111 |
| | **41** | 121 |

**3 Financial expenses**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Interest paid to group enterprises | **104** | 0 |
| Other financial expenses | **115** | 398 |
| | **219** | 398 |

**4 Income tax expense**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Current tax for the year | **-5** | -243 |
| Deferred tax for the year | **-45** | -365 |
| | **-50** | -608 |

**5 Long-term debt**

| | 2022/23 TDKK | 2021/22 TDKK |
|---|---|---|
| Debt falling due after 5 years | **0** | 0 |
| | **0** | 0 |

**6 Contingent assets, liabilities and other financial obligations**

**Guarantee obligations**

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 3,122 thousand.

**Other contingent liabilities**

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest, and royalties.

**7. Related parties and disclosure of consolidated financial statements**

**Consolidated Financial Statements**

The Company is included in the Group Annual Report of the Parent Company:

| Name | Place of registered office |
|---|---|
| Thermax Denmark ApS | Denmark |

Requisitioning of the parent company's consolidated financial statements:

www.cvr.dk

**8 Accounting policies**

The Annual Report of Boilerworks A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in TDKK.

**Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

**Leases**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

**Translation policies**

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

**Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

### Income statement

**Net sales**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

**Production expenses**

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Production expenses also include research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs. Finally, provisions for losses on contract work are recognised.

**Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss comprises of revenue, production expenses and other operating income.

**Distribution expenses**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

**Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

**Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains or losses on the sale of fixed assets..

**Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

**Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with other group entities. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

### Balance sheet

**Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

**Cash**

Cash comprise cash.

**Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

**Equity**

*Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realization of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

*Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognized development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

**Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date -the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

**Deferred tax assets and liabilities**

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

**Current tax receivables and liabilities**

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

**Financial debts**

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

The Company has chosen IAS 39 as interpretation for recognition and measurement of liabilities.

# PT THERMAX INTERNATIONAL INDONESIA

***Board of Commissioner***
Rajendran Arunachalam
Commissioner

***Board of Directors***
K P Hari Govind (President Director)
Mahesh Channakeshaviah Bukinkere

***Registered Office***
Menara Palma 9th Floor Unit 9-02B/03,
Jl. H.R. Rasuna Said Blok. X Kav. 6,
South Jakarta 12950.

***Auditors***
Purwantono, Sungkoro & Surja
Indonesia Stock Exchange Building, Tower 2,
7th floor, Jl Jend Sudirman, Kav 52-53,
Jakarta 12190 - Indonesia.

***Bankers***
Citi Bank,NA.
PT- Mandiri Bank

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**STATEMENT OF DIRECTORS REGARDING**

**THE RESPONSIBILITY FOR THE FINANCIAL**

**STATEMENTS AS OF MARCH 31, 2023**

**PT THERMAX INTERNATIONAL INDONESIA**

I, the undersigned below

K.P. Hari Govind
Menara Palma 9th floor Unit 9-02 B / 03,
Jl. HR. Rasuna Said Blok X Kav, 6,
South Jakarta - 12950
021-57957461
President Director

confirm that:

1. I am responsible for the preparation and the presentation of the financial statements of PT THERMAX INTERNATIONAL INDONESIA (“the Company”);
2. The financial statements of the Company for the year ended March 31, 2023 have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in financial statements of the Company has been fully disclosed in a complete and truthly manner;

   b. The financial statements of the Company do not contain false material information or facts, nor do they omit any material information or facts;
4. I am responsible for the Company’s internal control system

This statement is made truthfully.

**K.P. Hari Govind**

President Director

Jakarta

May 17,2023

**INDEPENDENT AUDITORS’ REPORT**

**Report No. 01437/2.1032/AU.1/10/0687 - 6/1/V/2023**

**TO THE SHAREHOLDERS AND BOARD OF COMMISSIONERS AND DIRECTORS**

**PT THERMAX INTERNATIONAL INDONESIA**

**Opinion**

We have audited the accompanying financial statements of PT Thermax International Indonesia (the “Company”), which comprise the statement of financial position as of March 31, 2023, and the statements of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

**Basis for opinion**

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants (“IICPA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements paragraph of our report. We are independent of the Company in accordancewith the ethical requirements relevant to our audit of the financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with such requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

**Auditor’s responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent 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 Standards on Auditing established by the IICPA 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 Standards on Auditing established by the IICPA, 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 such 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our independent 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.

Agung Purwanto
KAP, Purwantono, Sungkoro & Surja
Public Accountant Registration No. AP. 0687
May 17, 2023

# PT THERMAX INTERNATIONAL INDONESIA

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2023

| | Note No | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | **Rp'000** | **Rs Lakhs** | Rp'000 | Rs Lakhs |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 4 | **12,823,477** | **702.90** | 3,411,420 | 179.78 |
| Trade Receivables | 5 | **19,721,889** | **1,081.02** | 16,609,694 | 875.33 |
| Unbilled Receivables | 6 | **66,433,471** | **3,641.43** | 21,041,594 | 1,108.89 |
| Advances and prepayments | | **4,798,922** | **263.04** | 3,594,015 | 189.40 |
| Inventory | 7 | **14,269,044** | **782.13** | 8,323,735 | 438.66 |
| Prepaid Taxes | 14a | **4,444,404** | **243.61** | 3,568,589 | 188.06 |
| Other receivables | | **41,884** | **2.30** | 239,747 | 12.63 |
| Finance lease receivable | 10 | **3,259,316** | **178.65** | - | - |
| **Total current assets** | | **125,792,407** | **6,895.09** | 56,788,794 | 2,992.77 |
| **NON-CURRENT ASSETS** | | | | | |
| Prepaid tax | 14b | **2,726,843** | **149.47** | 2,090,751 | 110.18 |
| Advances and prepayments | | **285,932** | **15.67** | 291,692 | 15.37 |
| Right of use | 9 | **888,258** | **48.69** | 1,395,834 | 73.56 |
| Intangible asset | | **4,568** | **0.25** | 584,944 | 30.83 |
| Fixed assets | 8 | **135,543,119** | **7,429.55** | 170,825,626 | 9,002.51 |
| Finance lease receivable | 10 | **18,614,871** | **1,020.34** | - | - |
| **Total non-current assets** | | **158,063,591** | **8,663.97** | 175,188,847 | 9,232.45 |
| **TOTAL ASSETS** | | **283,855,998** | **15,559.06** | 231,977,641 | 12,225.22 |
| **CURRENT LIABILITIES** | | | | | |
| Trade payables | 11 | **36,265,520** | **1,987.83** | 27,539,193 | 1,451.32 |
| Unearned revenue | 12 | **70,911,885** | **3,886.91** | 29,263,439 | 1,542.18 |
| Taxes Payables | 14c | **368,296** | **20.19** | 248,249 | 13.08 |
| Accrued expenses and other payables | 13 | **37,506,409** | **2,055.85** | 19,293,235 | 1,016.75 |
| Leased Liabilities | 9 | **381,316** | **20.90** | 349,539 | 18.42 |
| Loans from related party | 22c | **22,593,000** | **1,238.39** | - | - |
| Provision for warranties | 16 | **1,575,738** | **86.37** | 1,506,189 | 79.38 |
| Bank Overdraft | 15 | **39,399** | **2.16** | - | - |
| Other Current liabilities | 10 | **54,800** | **3.00** | - | - |
| **Total current liabilities** | | **169,696,363** | **9,301.60** | 78,199,844 | 4,121.13 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Long term employee benefit liabilities | | **990,780** | **54.31** | 742,299 | 39.12 |
| Loans from related party | 22c | **-** | **-** | 21,523,500 | 1,134.29 |
| Leased liability | 9 | **422,608** | **23.16** | 926,215 | 48.81 |
| Provision for warranties | 16 | **336,757** | **18.46** | 142,749 | 7.52 |
| Other non-current financial liability | 10 | **545,705** | **29.91** | - | - |
| Other non-current liability | 10 | **453,418** | **24.85** | - | - |
| **Total non-current liabilities** | | **2,749,268** | **150.70** | 23,334,763 | 1,229.74 |
| **TOTAL LIABILITIES** | | **172,445,631** | **9,452.30** | 101,534,607 | 5,350.87 |
| **EQUITY** | | | | | |
| Share capital | | | | | |
| Authorised: 280,000 shares | | | | | |
| Issued and fully paid up- 273,000 shares, with par value of Rp 1,000,000 per share | 17 | **273,000,000** | **14,964.01** | 273,000,000 | 14,387.10 |
| Accumulated losses | | **(161,589,633)** | **(8,857.25)** | (142,556,966) | (7,512.75) |
| **Total equity** | | **111,410,367** | **6,106.76** | 130,443,034 | 6,874.35 |
| **TOTAL LIABILITIES AND EQUITY** | | **283,855,998** | **15,559.06** | 231,977,641 | 12,225.22 |

Exchange Rate: as at 31 March 2023 is 1 IDR = INR 0.00548

Exchange Rate: as at 31 March 2022 is 1 IDR = INR 0.00527

## Statement of Comprehensive Loss for the Year Ended 31 March 2023

| | Note No | 01-04-22/31-3-2023 | | 01-04-21/31-3-2022 | |
|---|---|---|---|---|---|
| | | Rp'000 | Rs Lakhs | Rp'000 | Rs Lakhs |
| Revenue | 19 | **214,273,935** | **11,745.04** | 119,945,125 | 6,321.11 |
| Other Income | | **5,984,226** | **328.01** | 4,499,416 | 237.12 |
| | | **220,258,161** | **12,073.06** | 124,444,541 | 6,558.23 |
| Cost of raw materials and components consumed | 20 | **(179,578,356)** | **(9,843.27)** | (89,680,049) | (4,726.14) |
| (Increase) / decrease in inventories of finished goods, work in progress and traded goods | 20 | **1,383,671** | **75.84** | (1,389,840) | (73.24) |
| Employee benefits expense | | **(25,934,387)** | **(1,421.55)** | (23,028,705) | (1,213.61) |
| Depreciation and amortisation expense | | **(5,862,390)** | **(321.34)** | (6,437,442) | (339.25) |
| Selling and distribution expenses | | **(5,993,155)** | **(328.50)** | (4,703,799) | (247.89) |
| Other operating expenses | 21 | **(21,953,800)** | **(1,203.36)** | (20,079,472) | (1,058.19) |
| Foreign exchange (loss)/gain, net | | **(1,391,922)** | **(76.30)** | (809,935) | (42.68) |
| **Total expenses** | | **(239,330,339)** | **(13,118.46)** | (146,129,242) | (7,701.01) |
| Loss before income tax | | **(19,072,178)** | **(1,045.41)** | (21,684,701) | (1,142.78) |
| Income Taxes Paid | 14d | **-** | **-** | - | - |
| Other comprehensive income | | | | | |
| that will be reclassified to profit or loss | | | | | |
| Re-measurement of post-employement benefit | | **39,511** | **2.17** | (34,028) | (1.79) |
| **Total comprehensive loss for the year/period** | | **(19,032,667)** | **(1,043.24)** | (21,718,729) | (1,144.58) |

## Statement of Changes in Equity for the Year Ended 31 March 2023

| | Note No. | Share capital | | Accumulated losses | | Total | |
|---|---|---|---|---|---|---|---|
| | | Rp'000 | Rs Lakhs | Rp'000 | Rs Lakhs | Rp'000 | Rs Lakhs |
| **Balance as at 31 March 2021** | 17 | 260,000,000 | 14,251.43 | (120,838,237) | (6,623.53) | 139,161,763 | 7,627.90 |
| Share Issuance | | 13,000,000 | 712.57 | - | - | 13,000,000 | 712.57 |
| Loss for the year | | - | - | (21,684,701) | (1,188.61) | (21,684,701) | (1,188.61) |
| Remeasurement of post-empolyment benefit obligations | | - | - | (34,028) | (1.87) | (34,028) | (1.87) |
| **Balance as at 31 March 2022** | 17 | **273,000,000** | **14,964.01** | **(142,556,966)** | **(7,814.00)** | **130,443,034** | **7,150.00** |
| Share Issuance | | - | - | - | - | - | - |
| Loss for the year | | - | - | (19,072,178) | (1,045.41) | (19,072,178) | (1,045.41) |
| Remeasurement of post-empolyment benefit obligations | | - | - | 39,511 | 2.17 | 39,511 | 2.17 |
| **Balance as at 31 March 2023** | 17 | **273,000,000** | **14,964.01** | **(161,589,633)** | **(8,857.25)** | **111,410,367** | **6,106.76** |

# PT THERMAX INTERNATIONAL INDONESIA

## Statement of Cash Flows for the Year Ended 31 March 2023

| | Note No | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | **Rp'000** | **Rs Lakhs** | Rp'000 | Rs Lakhs |
| Loss before income tax expense | | **(19,072,178)** | **(1,045.41)** | **(21,684,701)** | (1,142.78) |
| Adjustments for: | | | | | |
| Depreciation of fixed assets | 8 | **4,774,438** | **261.70** | 4,733,904 | 249.48 |
| Amortisation of intangible assets | | **580,376** | **31.81** | 1,161,303 | 61.20 |
| Depreciation right of use asset | 9 | **507,576** | **27.82** | 537,325 | 28.32 |
| Employee benefit liabilities | | **287,992** | **15.79** | 7,211 | 0.38 |
| Provision for Warranties | 16 | **263,557** | **14.45** | 51,806 | 2.73 |
| Allowance for impairment losses - of receivables | 5 | **382,776** | **20.98** | 344,630 | 18.16 |
| Allowance for impairment losses - of inventory | 7 | **227,080** | **12.45** | (235,399) | (12.41) |
| Interest Expenses | | **2,057,624** | **112.78** | 1,615,028 | 85.11 |
| Unrealised foreign exchange loss/(gain) | | **1,069,500** | **58.62** | - | - |
| Operating cash flows before changes in working capital | | **(8,921,259)** | **(489.00)** | (13,468,893) | (709.81) |
| Changes in working capital: | | | | | |
| Trade Receivables | 5 | **(3,494,971)** | **(191.57)** | 8,877,235 | 467.83 |
| Unbilled receivables | | **(45,391,876)** | **(2,488.07)** | (1,441,439) | (75.96) |
| Advances and prepayments | | **(1,048,928)** | **(57.50)** | 300,240 | 15.82 |
| Inventory | 7 | **(6,172,389)** | **(338.33)** | 2,612,682 | 137.69 |
| Prepaid Value Added Tax | | **(875,815)** | **(48.01)** | 14,543,853 | 766.46 |
| Other receivables | | **41,884** | **2.30** | 239,747 | 12.63 |
| Advance and prepayments - non current | | **5,760** | **0.32** | 16,566 | 0.87 |
| Right of use asset | | **-** | **-** | 994,538 | 52.41 |
| Trade payables | 11 | **8,726,327** | **478.32** | (4,109,732) | (216.58) |
| Unearned Revenue | 12 | **41,648,446** | **2,282.88** | (1,624,518) | (85.61) |
| Taxes payable | 14 | **120,047** | **6.58** | (189,408) | (9.98) |
| Accrued expenses and other payables | | **18,000,567** | **986.67** | 3,700,783 | 195.03 |
| Other non current liabilities | | **508,218** | **27.86** | - | - |
| Other non-current financial liabilities | | **545,705** | **29.91** | - | - |
| Payment of corporate income tax | 14 | **(1,664,905)** | **(91.26)** | (1,061,938) | (55.96) |
| Refund of corporate income tax | 14 | **1,028,813** | **56.39** | 2,513,048 | 132.44 |
| **Net cash flows used in operating activities** | | **3,055,624** | **167.49** | 11,902,764 | 627.28 |
| **Cash flows from investing activities** | | | | | |
| Acquisition of fixed assets | 8.25 | **(984,783)** | **(53.98)** | (31,170,410) | (1,642.68) |
| Net movement in finance lease receivables | | **9,831,272** | **538.88** | - | - |
| **Net cash flows from investing activities** | | **8,846,489** | **484.90** | (31,170,410) | (1,642.68) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from shares issuance | 17 | **-** | **-** | 13,000,000 | 685.10 |
| Payments of interest expense | | **(1,987,739)** | **(108.95)** | (1,615,028) | (85.11) |
| Payment of lease liability | | **(541,716)** | **(29.69)** | - | - |
| Proceeds from loan from related party | 22c | **-** | **-** | 21,523,500 | 1,134.29 |
| Payment of bank loan | 15 | **-** | **-** | (29,144,000) | (1,535.89) |
| **Net cash flows provided from financing activities** | | **(2,529,455)** | **(138.65)** | 3,764,472 | 198.39 |
| **Net (decrease)/increase in cash and cash equivalents** | | **9,372,658** | **513.75** | (15,503,174) | (817.02) |
| Cash and cash equivalents at the beginning of the period | | **3,411,420** | **186.99** | 18,914,594 | 996.80 |
| **Amount represented by bank overdraft** | | **39,399** | **2.16** | - | - |
| **Cash and cash equivalents at the end of the period** | 4 | **12,823,477** | **702.90** | 3,411,420 | 179.78 |

**NOTES TO THE FINANCIAL STATEMENTS**

**As of March 31, 2023 and for the Year Then Ended**

**(Expressed in thousands of Rupiah, unless otherwise stated)**

**1. General notes**

PT Thermax International Indonesia (the "Company") was established on October 22, 2014 based on Notarial Deed No. 12 dated October 1, 2014 of Jimmy Tanal, S.H., M.Kn., Notary in Jakarta. The Notarial Deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia through Decision Letter No. AHU- 30730.40.10.2014 dated October 22, 2014.

The Company's Articles of Association have been amended from time to time. The most recent amendment was based on Notarial Deed No. 6 dated September 1, 2020 of Jimmy Tanal, S.H., M.Kn., a Notary in Jakarta, concerning the increase in the authorised capital to become 280,000 shares, increase the issued and paid-up capital to become 273,000 shares, and to appoint an additional Director. The Notarial Deed has been approved by the Ministry of Law and Human Rights of Republic of Indonesia (''MOLHR'') through decision letter No. AHU-0452854.AH.01.03.TAHUN 2021 dated September 13, 2021 (Note 17).

In accordance with Article 3 of the Company's Articles of Association, the main activity of the Company is the manufacturing of industrial products such as steam boilers, heaters, absorption chillers, etc and their spare parts. The Company commenced its commercial production in second quarter of financial year 2017 - 2018.

The Company's office is located at Menara Palma 9th Floor Unit 9-02B/03, Jl. H.R. Rasuna Said Blok. X Kav. 6, South Jakarta 12950 and the manufacturing plant is located at Krakatau Industrial Estate, Cilegon, Banten.

As at March 31, 2023 and 2022, the Company's Commissioner and Board of Directors were as follows:

March 31, 2023

Mr. Rajendran Arunachalam: Commissioner

Board of Director

Mr. Katri Pulitakote Hari Govind: President Director

Mr. Mahesh C. Bukinkere: Director

March 31, 2022

Mr. Rajendran Arunachalam: Commissioner

Board of Director

Mr. Katri Pulitakote Hari Govind: President Director

Mr. Shukla Bill Jayesh: Director

The above Boards of Commissioners and Directors are based on Notarial Deed No. 186 by Jimmy Tanal, SH., M. Kn., dated 27 July 2022, which has been acknowledged by the Ministry of Law and Human Rights through Decision Letter No.AHU- AH.01.09-0042745.

The Company's parent entity is Thermax Engineering Singapore Pte. Ltd., a company incorporated in Singapore. The Company's ultimate holding company is RDA Holding Private Limited, a company incorporated in India.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods mentioned unless otherwise stated.

**a. Basis of preparation of the financial statements**

The Company's financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

The financial statements have been prepared under the historical cost convention and using the accrual basis, except for the statement of cash flows.

Figures in the financial statements are rounded to and stated in thousands of Rupiah ("Rp"), unless otherwise stated.

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment when applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**b. Changes in accounting principles**

The Company made first time adoption of all the new and/or revised standards effective for the periods beginning on or after January 1, 2022, including the following revised standards that have affected the financial statements of the Company:

**Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets - Onerous Contract Fulfillment Costs**

These amendments provide that costs to fulfill an onerous contract consist of costs that are directly related to the contract, which consist of:

1. incremental costs to fulfill the contract, and
2. allocation of other costs that are directly related to fulfilling the contract.

Amendments to PSAK 57 are effective on January 1, 2022 with earlier application permitted and are not expected to have any impact to the financial reporting of the Company upon first-time adoption

**2022 Annual Improvements – PSAK 71: Financial Instruments**

The amendment clarifies the fees that an entity includes when assessing whether the modified terms of a financial liability required derecognition of the original financial liability and recognition of a new financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted but not expected to have any impact to the financial reporting of the Company upon first- time adoption.

**2022 Annual Improvements - PSAK 73: Leases**

The amendment to Illustrative Example 13 accompanying PSAK 73 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted but not expected to have any impact to the financial reporting of the Company upon first-time adoption.

**c. Current and non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

1) expected to be realized or intended to be sold or consumed in the normal operating cycle,
2) held primarily for the purpose of trading,
3) expected to be realized within 12 months after the reporting period, or
4) cash or cash equivalent unless restricted from being exchanged

or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

i) expected to be settled in the normal operating cycle,

ii) held primarily for the purpose of trading,

iii) due to be settled within twelve months after the reporting period, or

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

All other liabilities are classified as non- current.

**d. Foreign currency translation**

***i) Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in Rupiah, which is the functional and presentation currency of the Company.

***ii) Transactions and balances***

Foreign currency transactions are translated into Rupiah using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currency are translated into Rupiah using the closing exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

As at March 31, 2023 and 2022, the exchange rates used, were as follows (United States Dollars full amount):

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| United States Dollars 1 | **15.062** | 14.349 |
| Euro 1 | **16.345** | 16.003 |

**e. Financial instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

<u>Initial Recognition and Measurement</u>

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PSAK 72.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

<u>Subsequent Measurement</u>

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

**Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets 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.
- Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

<u>Derecognition</u>

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

  Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Impairment of financial assets*

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial liabilities**

*Initial Recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial.

*Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest- bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss and other comprehensive income.

*Derecognition*

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

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**f. Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and cash in banks, which are not used as collateral or are not restricted.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and cash in banks, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

The statement of cash flows has been prepared using the indirect method by classifying cash flows on the basis of operating, investing and financing activities.

**g. Trade and other receivables**

Trade receivables are amounts due from customers for revenues recognised on the sale of goods and services in the ordinary course of business.

Other receivables are receivables from transactions other than the sale of goods and services.

If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

**h. Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by the moving average method for raw materials. The cost of finished goods and work in progress comprises raw materials, labour and an appropriate proportion of directly attributable fixed and variable overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated costs of completion, if any, and selling expenses.

Provision for obsolete and slow moving inventory is determined on the basis of estimated future sale of individual inventory items.

**i. Prepayments**

Prepayments are amortised on a straight-line basis over the estimated beneficial periods of the prepayments.

**j. Intangible asset**

Intangible asset consists of software acquired by the Company. Acquired software is capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over their estimated useful lives of four years.

**k. Fixed assets**

Initial legal costs incurred to obtain land rights are recognised as part of the acquisition cost of the land, and these costs are not depreciated. The costs related to renewal of land rights are recognised as intangible assets and amortised during the period of the land rights or the land's economic life, whichever is shorter.

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that is directly attributable to the acquisition of the assets.

Major spare parts and stand-by equipment are classified as fixed assets when they are expected to be used in operations for more than one year.

Land is not depreciated. Depreciation of other fixed assets starts when it is available for use and is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

| | Year |
|---|---|
| Buildings | 20 |
| Machinery | 16 |
| Computers | 4 |
| Office equipment | 4 |
| Furniture and fixtures | 4-8 |
| Tools and equipment | 4 |
| Vehicles | 8 |

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amounts of replaced parts are derecognised. All other repairs and maintenances are charged to profit or loss during the financial period in which they are incurred.

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Net gains or losses on disposals of fixed assets are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

The accumulated costs of the construction of buildings or factories and the installation of machinery are capitalised as construction in progress. These costs are reclassified to fixed assets when the construction or installation is complete. Depreciation is charged from the date the assets are ready for use in the manner intended by Management.

**l. Impairment of non-current assets**

Fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the non-current assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in- use. For the purpose of assessing impairment, non-current assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Reversal of an impairment loss for non-current assets will be recognised if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal of impairment losses will be immediately recognised in profit or loss.

**m. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, 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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

*i) Right of use assets*

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company's right-of-use asset are office spaces are depreciated over the lease period which is 36 months.

If the lease transfers the ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

*ii) Lease liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short- term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

*Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

**n. Trade and other payables and accruals**

Trade and other payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and accruals are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

**o. Employment benefit liabilities**

**Short-term employee benefits**

Short-term employee benefits are employee benefit which are due for payment within twelve months after the reporting period and recognized when the employees have rendered their service.

**Long-term employee benefits**

The Company made additional provision for employee benefit and other long-term employee benefit to qualified employees under Collective Labor Agreement and Job Creation Law No. 11/2020 (the "Cipta Kerja Law", (UUCK).The additional provisions are estimated through actuarial calculations using the "Projected Unit Credit" method.

All actuarial gains and losses are recognized as other comprehensive income (other comprehensive income method). Past service costs are directly charged to profit or loss.

The Company recognizes gains or losses on the curtailment when the curtailment occurs, that is when there is a commitment to make a material reduction in the number of employees covered by a plan or when there is an amendment of the defined benefit plan terms such that a material element of future services to be provided by current employees will no longer qualify for benefits, or will qualify only for reduced benefits. The gain or loss on settlement recognized when there is a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan. The gain or loss on curtailment comprises any resulting change in present value of the obligations and any related actuarial gains and losses and past service cost that had not previously been recognized.

In April 2022, DSAK IAI (Institute of Indonesia Chartered Accountants' Accounting Standard Board) issued an explanatory material through a press release regarding attribution of benefits to periods of service in accordance with PSAK 24: Imbalan Kerja which was adopted from IAS 19 Employee Benefits. The explanatory material conveyed the information that the fact pattern of the pension program based on the Labor Law currently enacted in Indonesia is similar to those responded and concluded in the IFRS Interpretation Committee (IFRIC) Agenda Decision Attributing Benefit to Periods of Service (IAS 19). The Company has adopted the said press release and accordingly changed its accounting policy regarding attribution of benefits to periods of service previously applied.

In prior years, the Company attributed benefits under the defined benefit plan's benefit formula to periods of service from the date when employees provide their services until their retirement age. Starting from April 2022, based on the press release, the Company changed the policy for attributing benefits under the plan to the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits under the plan. However, the impact is not material to the financial statements and charged to current period.

**p. Revenue and expense recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of discounts, returns and sales incentives The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to customers. Revenue from services is recognised when services are rendered.

The Company recognizes project revenues over time by using the input method based on the project completion progress and cost review reports of the projects. Project revenues received in advance are presented as "Unearned revenue".

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

Expenses are recognised as incurred on an accrual basis.

**q. Taxation**

*Final tax*

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

*Current tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the statement of profit or loss. The Company presented interest/penalty, if any, as part of "Other Expense".

Amendments to taxation obligation are recorded when an assessment is received or, if appeal is applied, when the results of the appeal are received. The additional taxes and penalty imposed through Tax Assessment Letter ("SKP") are recognized as income or expense in the current period profit or loss, unless objection/appeal action is taken. The additional taxes and penalty imposed through SKP are deferred as long as they meet the asset recognition criteria.

*Deferred tax*

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the statement of financial position, consistent with the presentation of current tax assets and liabilities.

*Value Added Tax*

Revenue, expenses and assets are recognized net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT which is claimed for restitution from, or payable to, the taxation authorities is included as part of assets or liabilities in the consolidated statement of financial position.

*Final Tax*

In accordance with the tax regulation in Indonesia, final tax is applied to the gross value of transactions, even when the parties carrying the transaction recognizing losses.

Final tax is scoped out from PSAK 46: Income Tax.

**r. Provisions**

Provisions for restructuring costs, legal claims, and environmental issues are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of an outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognised.

Provision is measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increase in the provision due to the passage of time is recognised as a finance cost.

**s. Share capital**

Ordinary shares are classified as equity.

**t. Transactions with related parties**

The Company enters into transactions with related parties as defined in SFAS 7 “Related party disclosures”. It is the policy of the Company that such transactions are conducted on normal commercial terms.

All significant transactions and balances with related parties are disclosed in the notes to the financial statements.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of the future events that are believed to be reasonable under the circumstances.

The Company has identified the following matters under which significant judgements, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or financial position of the Company reported in future years.

**i. Judgments**

*Classifications of financial assets and liabilities*

Management determines the classifications of the Company’s assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 71. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the accounting policies disclosed in Note 2d.

*Functional currency*

Management determines the Company’s functional currency from the primary economic environment in which the Company operates. Management determined that the Company’s functional currency is Indonesian Rupiah.

**ii. Estimation and assumptions**

*Income taxes*

Significant judgments and assumptions are required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Currently the Company does not recognise any provision for anticipated tax audit issues based on the expectation that no additional taxes will be due. Where the final tax outcome of these matters is different from the estimates that were initially made by management, such differences will have an impact on the respective tax assets and liabilities in the period in which such determination is made.

*Useful lives of fixed assets*

The estimation of the useful lives of fixed assets is based on the Company’s collective assessment of industry practice, internal technical evaluation and experience with similar assets. The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives and based on machine working hours. The Management estimates the useful lives of these fixed assets to be between 4 to 20 years. Changes in the expected level of usage and technological development could have an impact on the economic useful lives and the residual values of these assets.

The estimated useful lives are reviewed at least each financial year end and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

*Net realisable value of inventory*

The Company reviews the carrying value of its inventory at each reporting date to ensure that the cost does not exceed the net realisable value. Estimates of net realisable value include a number of assumptions, including freight or insurance price expectations and the estimated costs to complete inventory into a saleable product.

*Pension and Employeee Benefit*

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actual valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

## 4. CASH ON HAND AND IN BANKS

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Cash on hand | 49.630 | 65.468 |
| Cash in banks | | |
| Rupiah Citibank N.A., Indonesia | 12.342.902 | 318.504 |
| PT Bank Mandiri (Persero) Tbk | 384.771 | 1.040.681 |
| PT Bank Negara Indonesia (Persero) Tbk | 46.174 | 46.659 |
| United States Dollar Citibank N.A., Indonesia | - | 1.940.108 |
| **Sub-total cash in banks** | 12.773.847 | 3.345.952 |
| **Total cash on hand and in banks** | **12.823.477** | 3.411.420 |

## 5. TRADE RECEIVABLES

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Related parties (Note 21a) | 764.873 | 1.091.005 |
| Third parties | 20.108.336 | 16.287.233 |
| | 20.873.209 | 17.378.238 |
| Allowance for impairment losses of receivables | (1.151.320) | (768.544) |
| | **19.721.889** | 16.609.694 |

Movements in the allowance for impairment of receivables for the year ended March 31, 2023 and 2022 is as follows:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Beginning balance | 768.544 | 423.914 |
| Provision recognized during the year | 382.776 | 344.630 |
| **Ending balance** | **1.151.320** | 768.544 |

Based on a review of trade receivables at end of year, management believes that the allowance for impairment as of March 31, 2023 and 2022 is adequate to cover possible losses or uncollectible accounts.

The aging analysis of these trade receivable is as follows:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current and not impaired | 7.562.830 | 3.457.005 |
| Overdue but not impaired | | |
| 0 - 30 days | 4.756.452 | 5.661.350 |
| 31 - 60 days | 2.765.913 | 1.237.633 |
| > 61 days | 4.636.694 | 6.253.706 |
| Overdue and impaired | 1.151.320 | 768.544 |
| | **20.873.209** | 17.378.238 |

In determining the recovery of trade receivables, the Company considers any changes in the credit quality of trade receivables from the initial date the loans are granted to the end of the reporting period. Credit risk concentration is limited to large and unrelated customers.

## 6. UNBILLED RECEIVABLES

Unbilled receivables represent portion of revenue which has been recognized in accordance with the progress of the projects in exchange for goods or services transferred to the customers, but have not been invoiced in accordance with the working contract with customers.

## 7. INVENTORIES

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Goods in transit | 476.245 | 643.657 |
| Raw materials | 13.784.334 | 8.828.204 |
| Work-in-progress | 1.093.892 | 1.452.458 |
| Finished goods | 1.832.407 | 90.170 |
| | 17.186.878 | 11.014.489 |
| Allowance for impairment losses of inventory | (2.917.834) | (2.690.754) |
| | **14.269.044** | 8.323.735 |

Movements in the allowance for impairment losses of inventory for the year ended March 31, 2023 and 2022 is as follows

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Beginning balance | 2.690.754 | 2.926.153 |
| Addition | 367.266 | 370.524 |
| Reversal of allowance | (140.186) | (605.923) |
| Total | **2.917.834** | 2.690.754 |

Management believes that the allowance for impairment losses of inventory is adequate to cover possible losses of the inventories.

Inventories are insured against all possible losses, with the insurance coverage included in the insurance coverage of fixed assets amounting to Rp87,000,000.

# PT THERMAX INTERNATIONAL INDONESIA

**8. FIXED ASSETS**

| | March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | **Beginning balance** | **Additions** | **Disposals** | **Transfers** | **Ending balance** |
| **Acquisition costs** | | | | | |
| Land | 81.257.182 | - | - | - | 81.257.182 |
| Buildings | 51.005.104 | - | - | - | 51.005.104 |
| Machinery | 26.222.869 | - | - | - | 26.222.869 |
| Furniture and fixtures | 1.658.119 | 512.446 | - | 174.657 | 2.345.222 |
| Computers | 947.594 | 242.340 | - | - | 1.189.934 |
| Office equipment | 285.451 | 3.785 | - | - | 289.236 |
| Tools and equipment | 1.158.093 | 264.161 | - | - | 1.422.254 |
| Vehicles | 622.000 | - | | - | 622.000 |
| Construction in progress | 31.705.458 | 1.022.198 | (32.552.999) | (174.657) | - |
| | 194.861.870 | 2.044.930 | (32.552.999) | - | 164.353.801 |
| **Accumulated depreciation** | | | | | |
| Buildings | (13.165.233) | (2.550.255) | - | - | (15.715.488) |
| Machinery | (7.147.580) | (1.638.929) | - | - | (8.786.509) |
| Furniture and fixtures | (1.477.989) | (169.385) | - | - | (1.647.374) |
| Computers | (768.567) | (125.532) | - | - | (894.099) |
| Office equipment | (284.494) | (1.491) | - | - | (285.985) |
| Tools and equipment | (933.220) | (211.096) | - | - | (1.144.316) |
| Vehicles | (259.161) | (77.750) | - | - | (336.911) |
| | (24.036.244) | (4.774.438) | - | - | (28.810.682) |
| **Net book value** | **170.825.626** | | | | **135.543.119** |

| | March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | **Beginning balance** | **Additions** | **Disposals** | **Transfers** | **Ending balance** |
| **Acquisition costs** | | | | | |
| Land | 81.257.182 | - | - | - | 81.257.182 |
| Buildings | 51.005.104 | - | - | - | 51.005.104 |
| Machinery | 26.184.417 | 38.452 | - | - | 26.222.869 |
| Furniture and fixture | 1.686.187 | 61.400 | (89.468) | - | 1.658.119 |
| Computers | 814.818 | 132.776 | - | - | 947.594 |
| Office equipment | 285.451 | - | - | - | 285.451 |
| Tools and equipment | 1.176.563 | 8.100 | (26.570) | - | 1.158.093 |
| Vehicles | 622.000 | - | - | - | 622.000 |
| Construction in progress | 534.325 | 31.171.133 | - | - | 31.705.458 |
| | 163.566.047 | 31.411.861 | (116.038) | - | 194.861.870 |
| **Accumulated depreciation** | | | | | |
| Buildings | (10.614.978) | (2.550.255) | - | - | (13.165.233) |
| Machinery | (5.510.052) | (1.637.528) | - | - | (7.147.580) |
| Furniture and fixture | (1.427.002) | (119.486) | 68.499 | - | (1.477.989) |
| Computers | (657.090) | (111.477) | - | - | (768.567) |
| Office equipment | (275.928) | (8.566) | - | - | (284.494) |
| Tools and equipment | (723.072) | (228.842) | 18.694 | - | (933.220) |
| Vehicles | (181.411) | (77.750) | - | - | (259.161) |
| | (19.389.533) | (4.733.904) | 87.193 | - | (24.036.244) |
| **Net book value** | **144.176.514** | | | | **170.825.626** |

The Company owns a plot of land with "Hak Guna Bangunan" title ("Building Use Title" or "HGB") which has a remaining useful life up to 2046. Management believes that there will be no difficulty in extending the land right as the land was acquired legally and this is supported by sufficient evidence of ownership.

Fixed assets are insured against fire and others risks with a total coverage of Rp87,000,000. Management believes that the insurance coverage can cover losses on the insured fixed asset.

As of March 31, 2022, construction in progress represented the accumulated cost of manufacturing a steam boiler related to the steam supply project to PT Unilever Oleochemical Indonesia, the progress of the work was about 90% or equivalent to Rp31,530,801 and the accumulated cost of manufacturing other machines of Rp174,657.

Starting April 1, 2022, the Company recognized finance lease as a lessor on Unilever project based on Supply Steam Agreement between the Company and PT Unilever Oleochemical Indonesia ("UOI").

On initial recognition, the Company transferred cost incurred to build the boiler of Rp32,552,999, previously recorded as construction in progress in fixed assets, as lease receivables in its financial statements as of March 31, 2023 (Note 10).

## 9. RIGHT OF USE ASSET

**The Company as Lessee**

The Company has lease contracts for building used in its operations. The Company is restricted from assigning and subleasing the leased assets.

Lease of building has terms of 3 years.

Set out below are the carrying amounts of right-of- use assets recognized on the Company's statement of financial position and the movements during the current year:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Beginning balance | 2.480.400 | 957.672 |
| Addition | - | 1.522.728 |
| Ending balance | 2.480.400 | 2.480.400 |
| Accumulated depreciation: | | |
| Beginning balance | (1.084.566) | (547.241) |
| Addition | (507.576) | (537.325) |
| Ending balance | (1.592.142) | (1.084.566) |
| Net book value | **888.258** | 1.395.834 |

Movement of lease liabilities:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Beginning balance | 1.275.754 | 281.216 |
| Addition of interest | 69.885 | 30.163 |
| Addition | - | 1.522.728 |
| Payments | (541.715) | (558.353) |
| Sub-total | 803.924 | 1.275.754 |
| Less current portion | 381.316 | 349.539 |
| Long-term portion | 422.608 | 926.215 |

Amounts recognized in the statement of profit or loss and other comprehensive income:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Depreciation expense of right-of-use asset | 507.576 | 537.325 |
| Interest expense on lease liabilities | 69.885 | 30.163 |
| Amount recognized in profit and loss statement | 577.461 | 567.488 |

The Company had total cash outflows for leases of Rp541,715 and Rp558,353 including interest expenses of finance lease amounting to Rp69,885 and Rp30,163 for the year ended March 31, 2023 and 2022, respectively.

## 10. Lease

**The Company as Lessor**

The Company has entered into steam supply agreement with PT Unilever Oleochemical Indonesia ("UOI") which fulfilled the criterias as finance lease.

This agreement has lease term of 7 years with option for extension agreed by both parties.

The critical terms of the UOI project are as follows:

- The Company shall deliver or procure the delivery of boiler to site and complete installation and commissioning.
- The Company shall operate the boiler and supply of steam produced by the boiler. The lease period is 7 years which start from the commencement date and can be renewed by mutual agreement of both parties. The commencement date is April 1, 2022 and the effective date of the contract was October 1, 2022. If the Company wants to terminate the lease before the end of the lease, the Company shall obligate to pay the exit fee as mentioned in the contract.
- The minimum off-take of 3,132 ton/month of steam will be supplied by the Company with price at Rp207/Kg for consumption within 3,132 ton/month and Rp7/Kg after consumption above 3,132 ton/month and UOI shall pay invoice within 30 days calendar after the Company issued invoice for steam produced for UOI on a fortnightly basis on the 1st and 16th day of each calendar month. UOI has a right to request the Company to supply more than minimum offtake for its operation.
- UOI has paid Rp975,000 as deposit at the time of signing agreement.
- The present value of lease payments is substantially covering the fair value of the underlying asset.

During April - September 2022, the Company was unable to fulfil the minimum off-take of 3,132 ton/month due to under performance of boiler which results experiencing plant shut-down several times and budget overrun for the construction and installation of boiler in UOI.

In responding to this issue, the Company has recognized the impairment amounted to

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Gross investment in finance lease contract | 32.552.999 | - |
| Allowance for uncollectible lease payments | (7.419.496) | - |
| Net investment in financial lease contract | 25.133.503 | - |
| Less payment of receivables | (3.259.316) | - |
| Sub-total | 21.874.187 | - |
| Less current portion | (3.259.316) | - |
| Non-current portion | **18.614.871** | - |

As of the balance sheet date, the present value of future minimum lease payment receivables under non-cancellable finance lease contract as at March 31, 2023 relating to steam boiler are as follows:

Gross investment in finance lease contract:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within one year | 5.376.007 | - |
| After one year but no more than five years | 19.410.800 | - |
| More than five years | 4.190.498 | - |
| Sub-total | 28.977.305 | - |
| Less unearned finance income | (7.103.118) | - |
| Present value of minimum lease payment receivable | **21.874.187** | - |

Present value of future minimum lease payment:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Within one year | 3.259.317 | - |
| After one year but no more than five years | 14.773.450 | - |
| More than five years | 3.841.420 | - |
| Sub-total | 21.874.187 | - |
| Less unearned finance income | - | - |
| Present value of minimum lease payment receivable | **21.874.187** | - |

The details of other liabilities and other financial liability relating to lease are as follows:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Other current liability: | | |
| Advance lease rental - current portion | 54.800 | - |
| Other non-current liabilities: | | |
| Advance lease rental - non-current portion | 278.886 | - |
| Provision for maintenance* | 174.532 | - |
| Sub-total | 453.418 | - |
| Other non-current financial liability: | | |
| Customer advance | 545.705 | - |
| **Total** | **1.053.923** | - |

*Includes balance of accrual for maintenance warranty of leased equipment built at the customer's premises under the steam supply agreement with UOI.

## 11. TRADE PAYABLES

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Related parties (Note 22a) | 16.334.887 | 16.938.486 |
| Third parties : | | |
| Decon Equipments And Systems Pvt. Ltd. | 2.249.539 | 1.206.937 |
| Aaradhya Enterprise | 1.192.119 | - |
| Tejas Polymers and Engineers | 1.092.603 | - |
| Intact Automation Private Limited | 1.045.656 | - |
| PT Aneka Jasa Teknik Gresik | - | 1.807.645 |
| Others (below 1 billion) | 14.350.716 | 7.586.125 |
| | **36.265.520** | 27.539.193 |

Refer to Note 22 for details of related party transactions.

## 12. UNEARNED REVENUE

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| PT Sheel Oil Indonesia | 17.467.587 | - |
| PT Agro Murni | 10.905.557 | 3.978.683 |
| PT Mangole Timber Producers | 8.326.533 | - |
| PT Tirta Fresindo Jaya | 6.804.900 | - |
| PT Hanjaya Mandala Sampoerna | 6.163.800 | - |
| Calumpang Packaging Corporation | 3.775.924 | - |
| Steniel Mindanao Packaging Corporation | 3.720.573 | - |
| PT Wilmar Nabati Indonesia | 2.666.272 | 250.297 |
| PT Panggungjaya Indah | 2.323.472 | - |
| PT Cakra Buana Expert | 1.695.365 | - |
| PT Kelapa Jaya Lestari | 1.215.573 | 1.677.261 |
| PT Indorama Ventures Indonesia | 1.132.110 | - |
| PT Tasma Bioenergy Indonesia | 1.014.800 | 10.337.168 |
| PT Kurnia Tunggal Nugraha | - | 1.907.004 |
| Dan Kaffe Sdn. Bhd. | - | 1.381.024 |
| PT Sinar Syno Kimia | - | 1.270.000 |
| PT Mentaya Coco Industri | - | 1.262.457 |
| PT Rich Products Manufacturing Indonesia | - | 1.045.280 |
| Others (below 1 Billion) | 3.699.419 | 6.154.265 |
| Total | **70.911.885** | 29.263.439 |

This account represents advances, which are received from customers and contract liabilities.

## 13. ACCRUED EXPENSES AND OTHER PAYABLES

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Operational | 35.554.706 | 17.525.462 |
| Professional fees | 332.700 | 491.583 |
| Purchases of fixed assets (Note 25) | 212.606 | 212.606 |
| Others | 1.406.397 | 1.063.584 |
| | **37.506.409** | 19.293.235 |

## 14 TAXATION

### a. Prepaid taxes

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current portion: | | |
| Value Added Tax (''VAT'') | 4.444.404 | 3.568.589 |
| Total | **4.444.404** | 3.568.589 |

The balance of prepaid VAT (current portion) representing input VAT mainly comes from capital goods acquisition and business activities.

### b. Estimated claim for refundable tax

| | March 31, 2022 | March 31, 2021 |
|---|---|---|
| Non-current portion: | | |
| Corporate income tax - 2022 | 1.664.905 | - |
| Corporate income tax - 2021 | 1.061.938 | 1.061.938 |
| Corporate income tax - 2020 | - | 1.028.813 |
| | **2.726.843** | 2.090.751 |

**c. Taxes payable**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Income tax Article 21 | 237.709 | 116.008 |
| Income tax Article 23 | 89.103 | 73.139 |
| Income tax Article 4(2) | 41.484 | 59.102 |
| | **368.296** | 248.249 |

**d. Income tax expense**

For the year ended March 31, 2023 and 2022, the Company did not recognise any deferred income tax expenses.

The reconciliation between income tax expense and the theoretical tax amount on the Company's loss before income tax is as follows:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loss before income tax | (19.072.178) | (21.684.701) |
| Income tax calculated at applicable | | |
| tax rate 22% | 4.195.879 | 4.770.634 |
| Tax effects: | | |
| - Non-deductible expenses | (1.755.526) | (3.506.488) |
| - Unrecognised deferred tax assets | (2.440.353) | (1.264.146) |
| **Income tax expense** | **-** | **-** |
| Prepaid corporate income tax - Article 22 | 1.318.832 | 966.814 |
| Prepaid corporate income tax - Article 23 | 346.073 | 95.124 |
| **Corporate income tax refundable** | **1.664.905** | **1.061.938** |

As of March 31, 2023, the Company has an accumulated tax losses carried forward balance amounting to Rp55,095,920 which will expire between 2023 and 2027.

The amount of fiscal loss is based on preliminary calculations. The amounts may be adjusted when annual tax returns are submitted to/ assessed by the tax office.

The Company has not recognised any deferred tax assets from tax losses carried- forward, depreciation of fixed assets, depreciation of right of use asset, allowance for impairment losses of receivables, allowance for impairment losses of inventory, long-term employee benefit liabilities and provision for warranties totaling to Rp14,473,633, as the ability of the Company to generate sufficient taxable profit will depend on when the Company can maintain sustainable and optimal capacity of commercial production. As such, the Company believes it is more prudent not to recognise any deferred tax assets.

**e. Tax administration in Indonesia**

The taxation laws of Indonesia require that companies within Indonesia to submit individual tax returns on the basis of self- assessment. Under the prevailing regulations, the DGT may assess or amend taxes within five years of the time the tax becomes due.

**f. Others**

In April, May and June 2022, the Company received tax assessment letter of Value Added Tax and Withholding Tax Article 21 for period March 2021 reflecting underpayment totaling to Rp326,828 and tax collection letters of Value Added Tax for period February 2018 and Withholding Tax Article 4 (2) for period June 2021 reflecting penalties totaling to Rp909. On June 28, 2022, the Company also received tax assessment letter of Prepaid Corporate Income Tax - Article 22 and Article 23 for fiscal year 2020 reflecting overpayment of Rp1,028,813. The Company accepted the tax assessment letters along with tax collection letters above. On May and July 2022, the Company paid the tax assessment letters along with tax collection letters totaling to Rp327,737 and received the refund amounting to Rp1,028,813.

## 15. BANK LOAN

**Credit and bank facilities from Citibank N.A.**

On November 29, 2017, the Company entered into a term-loan facility agreement with Citibank N.A. with total facility amounted to US$2.5 million and applicable interest rate of Jakarta Interbank Offered Rate plus certain margin. In addition, on September 8, 2017, Thermax Limited, an indirect holding entity of the Company, acting as a guarantor for the Company and guarantee any bank facilities issued for the Company with a total amount of US$5 million.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Short-term Bank Loan | **39.399** | - |

- As of March 31, 2023, the Company has utilised the bank facilities as follows:
- Amounted to Rp22,350,751 (2022: Rp30,996,550) for performance guarantee bond for certain customer.
- Amounted to Rp39,399 (2022: Nil) for overdraft. During 2023, the bank facilities was subject to interest at the rate of Jibor + 2.5% per annum. During 2023, the effective interest rate, which was charged, was at the rate of 8.9% (2022: 6.25%) per annum.

As of March 31, 2023, the Company does not utilise the short-term bank loan facility.

## 16. PROVISION FOR WARRANTIES

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current portion | 1.575.738 | 1.506.189 |
| Non-current portion | 336.757 | 142.749 |
| | **1.912.495** | 1.648.938 |

Provision for warranties provided by the Company to customers in connection with sales of products/projects contracts.

## 17. SHARE CAPITAL

The shareholders compositions as at 31 March 2023 and 2022 were as follows:

| | Number of shares | Percentage of ownership | Issued and paid-up |
|---|---|---|---|
| Thermax Engineering Singapore Pte. Ltd. | 272.990 | 99,99% | 272.990.000 |
| Thermax International Limited | 10 | 0,01% | 10.000 |
| | **273.000** | **100,00%** | **273.000.000** |

The increase in share capital was based on the latest Company's Articles of Association, which have been disclosed in Note 1. The increase in paid-up capital was paid on October 4, 2021 and was taken up by Thermax Engineering Singapore Pte., Ltd. in the amount of Rp13,000,000.

## 18. GENERAL RESERVE

Limited Liability Company Law No.40/2007 requires Indonesian companies to set up a statutory reserve amounting to a minimum of 20% of the Company's issued and paid-up share capital. There is no set period of time over which this amount should be accumulated. As at March 31, 2023, the Company had not yet established a general reserve as the Company was still in an accumulated losses position.

# PT THERMAX INTERNATIONAL INDONESIA

## 19. REVENUE

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sales of products/projects: | | |
| Over time | 155.310.373 | 89.827.924 |
| Point in time | 31.972.186 | 28.488.810 |
| Sales of leased assets (Note 10) | 25.133.503 | - |
| Sales of services | 1.857.873 | 1.628.391 |
| | **214.273.935** | 119.945.125 |

## 20. COST OF GOODS SOLD RECONCILIATION

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Raw materials | | |
| At the beginning of the year - | 6.781.108 | 7.768.550 |
| Purchases - | 184.139.993 | 88.692.607 |
| | 190.921.101 | 96.461.157 |
| At the end of the year - | (11.342.745) | (6.781.108) |
| Raw materials used | 179.578.356 | 89.680.049 |
| Direct labour and manufacturing overhead | 4.366.917 | 4.896.921 |
| Allocated depreciation expense | 1.871.536 | 2.234.242 |
| Total production cost | 185.816.809 | 96.811.212 |
| Work in progress | | |
| At the beginning of the year - | 1.452.458 | 2.081.558 |
| At the end of the year - | (1.093.892) | (1.452.458) |
| | 358.566 | 629.100 |
| Total cost of goods manufactured | 186.175.375 | 97.440.312 |
| Finished goods | | |
| At the beginning of the year - | 90.170 | 850.910 |
| At the end of the year - | (1.832.407) | (90.170) |
| | (1.742.237) | 760.740 |
| Total cost of goods sold | **184.433.138** | 98.201.052 |

## 21. OTHER OPERATING EXPENSES

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Travelling and conveyance | 3.199.473 | 2.144.611 |
| Consumables | 2.457.735 | 2.231.405 |
| Repairs and maintenance | 2.376.905 | 1.620.811 |
| Interest | 2.057.624 | 1.615.028 |
| Legal and professional fees | 1.619.778 | 446.493 |
| Labour | 1.435.897 | 1.880.516 |
| Security charges | 1.048.493 | 939.190 |
| Sales commissions | 908.998 | 200.000 |
| Utilities | 825.575 | 836.065 |
| Communication | 613.106 | 696.329 |
| Advertising and exhibitions | 344.340 | 130.164 |
| Insurance | 258.345 | 271.575 |
| Rent and service charges | 176.374 | 162.700 |
| Others | 4.631.157 | 6.904.585 |
| | **21.953.800** | 20.079.472 |

## 22. RELATED PARTY TRANSACTIONS

The nature of relationships and transactions with related parties are as follows:

| Related parties | Relationship | Nature of transaction |
|---|---|---|
| Thermax Limited | Holding Company of Thermax Engineering Singapore Pte. Ltd. | Purchases of raw material,<br>Sales of finished goods and services<br>Expenses reimbursement<br>Other operating income |
| Thermax Energy and Environment Philippines Corporation | Under common control entity | Expenses reimbursement<br>Loan and interest expense |
| Thermax Inc. | Under common control entity | Loan and interest expense |
| Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. | Under common control entity | Other operating income |

### a. Balances with related parties

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Trade receivables: (Note 5) | | |
| Thermax Limited | 429.367 | 957.301 |
| Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. | 335.506 | 133.704 |
| | **764.873** | 1.091.005 |
| Other receivables : | | |
| Thermax Limited | 16.453 | 187.043 |
| Thermax (Zhejiang) Cooling and Heating Engineering | - | 7.867 |
| | **16.453** | 194.910 |
| Trade payables : (Note 11) | | |
| Thermax Limited | 15.540.641 | 15.510.961 |
| Thermax Energy and Environment Philippines Corporation | 568.934 | 1.360.851 |
| Thermax Inc. | 225.312 | 66.674 |
| | **16.334.887** | 16.938.486 |

### b. Transactions with related parties

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Sales of finished goods: | | |
| Thermax Limited | 78.095 | - |
| Sales of services: | | |
| Thermax Limited | 24.803 | 622.749 |
| Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. | 203.827 | - |
| Other operating income: | | |
| Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd. | - | 3.003.504 |
| Thermax Limited | 2.983.186 | 1.382.595 |
| | **3.289.911** | 5.008.848 |

The sales of finished goods are based on cost plus certain margin agreed by both parties.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Purchases of raw materials: | | |
| Thermax Limited | 14.678.857 | 19.761.673 |
| | **14.678.857** | 19.761.673 |

The purchases of raw materials are based on cost plus certain margin agreed by both parties.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Expenses reimbursement: | | |
| Thermax Limited | 3.042.894 | 2.119.680 |
| Thermax Energy and Environment Philippines Corporation | 1.189.797 | 911.343 |
| Loan interest: | | |
| Thermax Inc. | 459.702 | 66.674 |
| | **4.692.393** | 3.097.697 |

The expenses being reimbursed are based on actual costs occurred.

**c. Loans from related party**

On January 31, 2022, the Company obtained loans from Thermax Inc., the related party, amounted to US$1,500,000 or equivalent to Rp22,593,000. The loans are subject to interest at the rate of 2% per annum and were used to working capital requirement. The loans are due for repayments on January 31, 2024.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Current portion | 22.593.000 | - |
| Non-current portion | - | 21.523.500 |
| | **22.593.000** | 21.523.500 |

**d. Key management personnel compensation**

Key management personnel includes Directors and a Commissioner. In 2023, the compensation for key management recorded in the financial statements amounted to Rp3,443,915 (2022: Rp2,861,319) only for the President Director of the Company. The compensation for the Company's Commissioner and other Directors were paid directly by Thermax Limited.

## 23. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As at March 31, 2023, the Company's financial assets which comprised cash on hand and cash in banks, trade receivables and other receivables with a total balance of Rp32,587,250 (2022: Rp20,260,860) were categorised as loans and receivables.

As at March 31, 2023, the Company's financial liabilities which comprised trade payables, and accrued expenses and other payables, short-term bank loan and loans from related party with a total balance of Rp96,419,729 (2022: Rp68,355,929) were categorised as other financial liabilities at amortised cost.

## 24. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's Board of Directors. The Board of Directors provides principles for overall risk management, including market, credit and liquidity risks.

**a. Market risk**

*i) Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from cash in banks, trade receivables and trade payables denominated in foreign currency.

As at March 31, 2023, if the United States Dollars had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, post-tax loss for the period would have been Rp5,141,286 (2022: Rp4,050,946) lower/higher.

ii) Interest rate risk

The Company is not significantly exposed to interest rate risk since there are no significant interest bearing financial assets and liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

**b. Credit risk**

As at March 31, 2023, the total maximum exposure from credit risk amounted Rp32,587,250 (2022: Rp20,260,860). The credit risk primarily arises from cash in banks, trade receivables and other receivables.

The Company manages credit risk exposure from its deposits with banks by placing them at banks with strong reputation and market position and limiting the aggregate risk from any individual counter-party.

In respect of credit given to customers, the Company has clear policies on selection of customers, legally binding agreements in place for sales of products and services transactions rendered and historically no collectibility issue.

The credit quality of trade and other receivables that are overdue but not impaired can be assessed with reference to historical information about counterparty collectibility issue as follows

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Trade and other receivables: | | |
| Related parties | 764.873 | 1.091.005 |
| Reputable or without recent history of collectibility issue | 20.108.336 | 16.287.233 |
| | **20.873.209** | 17.378.238 |

**c. Liquidity risk**

Liquidity risk arises in situations in which the Company has difficulties obtaining the necessary resources to fulfil its financial obligations. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All of the Company's financial liabilities amounting to Rp73,826,729 (2022: Rp46,832,429) have contractual maturities within one year and are not interest bearing.

**d. Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company actively and regularly reviews and manages its capital structure and shareholders returns, taking into consideration the future capital requirements and capital efficiency of the Company, prevailing and projected profitability, projected operating cash flow, projected capital expenditures, and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

**e. Fair value of financial instruments**

Management in the opinion that the carrying value of its financial assets and liabilities approximate the fair value of the financial assets and liabilities as at March 31, 2023. The fair value of trade payables and accrued expenses and other payables approximate their carrying value because of their short term maturity.

## 25. NON CASH TRANSACTIONS

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Investing activities<br>Acquisition of fixed assets through accrued expenses, including accrued interest (Note 12) | 212.606 | 212.606 |

**26. SUPPLEMENTARY CASH FLOW INFORMATION**

Changes in liabilities arising from financing activities in the cash flow statement are as follows:

| | Balance April 1, 2022 | Additions (proceeds) | Deductions (repayments) | Foreign exchange repayments | Balance March 31, 2023 |
|---|---|---|---|---|---|
| Interest expense | - | 2.057.624 | (2.057.624) | - | - |

**27. NEW ACCOUNTING STANDARDS**

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (IFAS) that are considered relevant to the financial reporting of the Company and will be effective for reporting periods beginning on or after:

***Effective on or after the date of January 1, 2023:***

- Amendments to PSAK 1: Classification of Liabilities as Current or Non-current, effective January 1, 2023, and earlier application is permitted
- Amendments to PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to PSAK 46: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to PSAK 16: Fixed Assets - Proceeds before Intended Use

***Effective on or after the date of January 1, 2024:***

- Amendments of PSAK 1: Non-current liabilities with Covenants.

***Effective on or after the date of January 1, 2025:***

- PSAK 74: Insurance Contracts

  The Company is presently evaluating and has not yet determined the effects of these accounting standards on the Company's financial statements.

**28. MANAGEMENTS RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS**

The Company's financial statements were authorised by the Board of Directors on May 17, 2023.

# THERMAX ENGINEERING SINGAPORE PTE. LTD.

***Board of Directors***
Rajendran Arunachalam
Ha Ling-Ling
Pheroz Naswanjee Pudumjee
Mahesh Channakeshaviah Bukinkere

***Registered Office***
80, Robinson road,
#25-00, Singapore- 068898

***Auditors***
Paul Wan Co.
10 Anson Road, #35-07/08,
International Plaza,
Singapore 079903

***Bankers***
Citi Bank, Singapore

## Directors' Statement

The directors present their statement to the member together with the audited financial statements of Thermax Engineering Singapore Pte. Ltd. (the "Company") for the financial year ended 31 March 2023.

**1. Opinion of the directors**

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**2. Directors**

The directors of the Company in office at the date of this statement are:

Corliss Ha Ling-Ling

Pheroz Naswanjee Pudumjee

Rajendran Arunachalam

Mahesh Channakeshaviah Bukinkere (Appointed on 10 June 2022)

**3. Arrangements to enable directors to acquire shares or debentures**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**4. Directors' interests in shares or debentures**

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), the directors of the Company who held office at the end of the financial year had no interest in the shares or debentures of the Company or its related corporations, except as stated below:

| Name of directors | Direct interest | |
|---|---|---|
| | At beginning of financial year | At end of financial year |
| **Pheroz Naswanjee Pudumjee** | | |
| - Thermax Limited | 6,000 | 6,000 |
| - Ara Trusteeship Company Pvt.Ltd | 500 | 500 |
| - Thermax Engineering Construction Company Ltd. | 10 | 10 |
| - Thermax Cooling Solutions Limited | 1 | 1 |
| - Thermax Onsite Energy Solutions Ltd. | 1 | 1 |
| - Thermax Sustainable Energy Solutions Ltd. | 10 | - |
| - Thermax Instrumentation Ltd. | 1 | 1 |
| **Rajendran Arunachalam** | | |
| - Thermax Limited | 500 | 500 |

**5. Share options**

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

**6. Independent auditor**

The independent auditor, Paul Wan & Co has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

**Rajendran Arunachalam**
Director

**Mahesh Channakeshaviah Bukinkere**
Director

Date : May 8, 2023

## Independent Auditor's Report to the Member of Thermax Engineering Singapore Pte. Ltd.

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Thermax Engineering Singapore Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. The other information comprises the Directors' Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**PAUL WAN & CO**

Public Accountants and

Chartered Accountants

Singapore

Date : 8th May 2023

## Statement of Profit or Loss and Other Comprehensive Income
## For the Financial Year Ended 31 March 2023

| | NOTE | For the financial year ended 31 March 2023 | | For the financial year ended 31 March 2022 | |
|---|---|---|---|---|---|
| | | USD | Rs Lacs | USD | Rs Lacs |
| **Revenue** | 4 | 880,202 | 723.22 | 2,305,441 | 1,747.24 |
| Cost of Sales | | (779,086) | (640.14) | (1,989,993) | (1,508.17) |
| **Gross Profit** | | 101,116 | 83.08 | 315,448 | 239.07 |
| Other Operating income | | 2,622 | 2.15 | - | - |
| Administrative Expenses | | (350,244) | (287.78) | (350,159) | (265.38) |
| Finance cost | 5 | (1,072) | (0.88) | (4,150) | (3.15) |
| Other expenses | 6 | (88,329) | (72.58) | (3,933) | (2.98) |
| Impairment loss on investment in subsidiaries | | (335,806) | (275.91) | (2,660,000) | (2,015.95) |
| **Loss Before tax** | 7 | (671,713) | (551.91) | (2,702,794) | (2,048.38) |
| Income tax expense | 8 | - | - | - | - |
| **Loss for the year, representing total comprehensive loss for the year** | | (671,713) | (551.91) | (2,702,794) | (2,048.38) |

Exchange Rate : as at 31 March 2023 is 1 USD = Rs 82.1650

Exchange Rate : as at 31 March 2022 is 1 USD = Rs 75.7875

## Statement of Financial Position
## For the Financial year ended 31 March 2023

| | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | USD | Rs Lacs | USD | Rs Lacs |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | - | - | 186,575 | 141.40 |
| Investments in a subsidiaries | 10 | 15,057,009 | 12,371.59 | 15,392,815 | 11,665.83 |
| Financial Asset, at FVOCI | 11 | 1 | 0.00 | 1 | 0.00 |
| | | 15,057,010 | 12,371.59 | 15,579,391 | 11,807.23 |
| **Current assets** | | | | | |
| Trade and other receivables | 12 | 59,818 | 49.15 | 675,872 | 512.23 |
| Cash & cash equivalents | 13 | 425,627 | 349.72 | 722,417 | 547.50 |
| | | 485,445 | 398.87 | 1,398,289 | 1,059.73 |
| **Total assets** | | 15,542,455 | 12,770.46 | 16,977,680 | 12,866.96 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | 14 | 23,984,356 | 19,706.75 | 22,984,356 | 17,419.27 |
| Accumulated losses | | (8,554,884) | (7,029.12) | (7,883,171) | (5,974.46) |
| | | 15,429,472 | 12,677.63 | 15,101,185 | 11,444.81 |
| **Current liabilities** | | | | | |
| Trade and Other payables | 16 | 112,983 | 92.83 | 1,777,854 | 1,347.39 |
| Lease Liability | 15 | - | - | 98,641 | 74.76 |
| | | 112,983 | 92.83 | 1,876,495 | 1,422.15 |
| **Total Liabilities** | | 112,983 | 92.83 | 1,876,495 | 1,422.15 |
| **Total Equity and Liabilities** | | 15,542,455 | 12,770.46 | 16,977,680 | 12,866.96 |

# THERMAX ENGINEERING SINGAPORE PTE. LTD.

## Statement of Changes in Equity

## For the Financial year ended 31 March 2023

| 2023 | Share Capital | | Retained earnings | | Total Equity | |
|---|---|---|---|---|---|---|
| | USD | Rs Lacs | USD | Rs Lacs | USD | Rs Lacs |
| **Beginning of financial year** | **22,984,356** | **18,885.10** | **(7,883,171)** | **(6,477.21)** | **15,101,185** | **12,407.89** |
| Shares issued during the year | **1,000,000** | **821.65** | **-** | **-** | **1,000,000** | **821.65** |
| Loss for the year, representing total comprehensive loss for the year | **-** | **-** | **(671,713)** | **(551.91)** | **(671,713)** | **(551.91)** |
| **End of financial year** | **23,984,356** | **19,706.75** | **(8,554,884)** | **(7,029.12)** | **15,429,472** | **12,677.63** |

| 2022 | Share Capital | | Retained earnings | | Total Equity | |
|---|---|---|---|---|---|---|
| | USD | Rs Lacs | USD | Rs Lacs | USD | Rs Lacs |
| **Beginning of financial year** | 22,984,356 | 18,885.10 | (5,180,377) | (4,256.46) | 17,803,979 | 14,628.64 |
| Loss for the year, representing total comprehensive loss for the year | - | - | (2,702,794) | (2,220.75) | (2,702,794) | (2,220.75) |
| **End of financial year** | 22,984,356 | 18,885.10 | (7,883,171) | (6,477.21) | 15,101,185 | 12,407.89 |

## Statement of Cash Flow

## For the Financial year ended 31 March 2023

| | Notes | **For the financial year ended 31 March 2023** | | For the financial year ended 31 March 2022 | |
|---|---|---|---|---|---|
| | | **USD** | **Rs Lacs** | USD | Rs Lacs |
| **Cash flow from operating activities** | | | | | |
| Loss before tax | | **(671,713)** | **(551.91)** | (2,702,794) | (2,048.38) |
| Adjustments for: | | | | | |
| -Interest expense | | **1,072** | **0.88** | 4,150 | 3.15 |
| -Depreciation of Property, plant & equipment | 9 | **99,261** | **81.56** | 129,755 | 98.34 |
| - Property, plant and equipment written off | | **2,434** | **2.00** | - | - |
| - Loss on disposal of property, plant and equipment | | **81,374** | **66.86** | - | - |
| -Impairment Loss on investment in subsidiaries | 10 | **335,806** | **275.91** | 2,660,000 | 2,015.95 |
| | | **(151,766)** | **(124.70)** | 91,111 | 69.05 |
| Changes in working capital: | | | | | |
| - Trade and other receivables | | **616,054** | **506.18** | (665,391) | (504.28) |
| - Trade and other payables | | **(1,664,872)** | **(1,367.94)** | 1,766,422 | 1,338.73 |
| **Net cash (used in)/ from operating activities** | | **(1,200,583)** | **(986.46)** | 1,192,142 | 903.49 |
| **Cash flows from investing activities** | | | | | |
| Proceeds of Property, plant & equipment | | **3,506** | **2.88** | - | - |
| Investments in subsidiaries | | - | **-** | (1,613,450) | (1,222.79) |
| **Net cash from/ (used in) investing activities** | | **3,506** | **2.88** | (1,613,450) | (1,222.79) |
| **Cash flows from financing activities** | | | | | |
| Principal repayment of lease liability | | **(99,713)** | **(81.93)** | (127,751) | (96.82) |
| Proceeds from issuance of ordinary shares | | **1,000,000** | **821.65** | - | - |
| **Net cash from/ (used in) financing activities** | | **900,287** | **739.72** | (127,751) | (96.82) |
| **Net change in cash and cash equivalents** | | **(296,790)** | **(243.86)** | (549,059) | (416.12) |
| Cash and cash equivalents at beginning of financials year | | **722,417** | **593.57** | 1,271,476 | 963.62 |
| **Cash and cash equivalents at end of financial year** | | **425,627** | **349.72** | 722,417 | 547.50 |

A reconciliation of liabilities arising from financing activity is as follows:

For the Financial year ended 31 March 2023

| | 1 April 2022 US$ | Principal Payments US$ | Non-cash changes | 31 March 2023 US$ |
|---|---|---|---|---|
| | | | Interest expense US$ | |
| Lease liabilities | 98,641 | (99,713) | 1,072 | - |

| | 1 April 2021 US$ | Principal Payments US$ | Non-cash changes | 31 March 2022 US$ |
|---|---|---|---|---|
| | | | Interest expense US$ | |
| Lease liabilities | 222,242 | (127,751) | 4,150 | 98,641 |

**1. General**

Thermax Engineering Singapore Pte.Ltd. (the "Company") is incorporated in Singapore with its registered office and principal place of business is located at 80 Robinson Road, #25-00, Singapore 068898.

The principal activity of the Company is that of an investment holding company and selling of industrial machinery and equipment to customers.

The immediate holding company is Thermax Limited, a company incorporated in India.

The financial statements of the Company for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollars ("US$"), which is the Company's functional currency.

**2.2 Adoption of new and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2022.The adoption of these standards did not have any material effect on the financial performance or position of the Company.

**2.3 Standards issued but not yet effective**

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

**2.4 Exemption from preparing consolidated financial statements**

These financial statements are the separate financial statements of the Company. The Company is exempted from the preparation of consolidated financial statements as the Company is a wholly-owned subsidiary of Thermax Limited, which produces consolidated financial statements available for public use. The registered office of Thermax Limited where those consolidated financial statements can be obtained is as follows: D-13, MIDC Industrial Area, R D Aga Road, Chinchwad, Pune 411019, India.

**2.5 Foreign currency transactions and balances**

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**2.6 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

| | Useful lives |
|---|---|
| Lease building | - Over lease period |
| Office equipment | - 15 years |
| Computer | - 6 years |
| Furniture and fixture | - 15 years |

The residual values, useful life and depreciation method are reviewed at each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further change for depreciation is needed in respect of these assets.

**2.7 Subsidiaries**

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries is carried at cost less accumulated impairment losses in the Company's statement of financial position.

**2.8 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

*Impairment losses are recognised in profit or loss.*

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### 2.9 Financial instruments

**Financial assets**

*Initial recognition and measurement*

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

*Subsequent measurement*

*Investment in debt instrument*

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

*Investment in equity instrument*

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

*Derecognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

*Offsetting of financial instruments*

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

(a) currently has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and bank deposit, which are subject to an insignificant risk of changes in value.

### 2.12 Provisions

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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where 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.

**2.13 Employee benefits**

*Defined contribution plan*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**2.14 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*As lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

*Right-of-use assets*

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8. The Company's right-of-use assets are presented within property, plant and equipment (Note 9).

*Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in lease liabilities (Note 15).

*Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of assets (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**2.15 Revenue**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

*Revenue from sales of goods*

The Company is involved in selling of industrial machinery and equipment to customers. Revenue from sales of these products is recognised at a point in time when the products are delivered to customers. There is no element of significant financing component in the Company's revenue transaction as customers are required to pay within credit term of 30 to 90 days.

**2.16 Taxes**

*Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets and deferred tax liabilities are off set, if a legally enforceable right exist to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

*Goods and Service Tax ("GST")*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**2.17 Share capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**2.18 Related parties**

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

**3. Significant accounting judgements and estimates**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**3.1 Judgments made in applying accounting policies**

Management is of the opinion that there are no significant judgements (rather than those involving estimates as disclosed in Note 3.2 below) that have a significant effect on the amounts recognised in the financial statements.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*Impairment of investment in subsidiaries*

The Company follows the guidance of FRS 36 Impairment of Assets on determining whether investment in subsidiaries is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

The carrying amount of the Company's investment in a subsidiary as at 31 March 2023 was US$15,057,009 (2022: US$15,392,815).

**4. REVENUE**
**Disaggregation of revenue**

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| At a point in time | | |
| Sales of goods | **880,202** | 2,305,441 |

**5. Finance cost**

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Interest expense on lease liabilities (Note 15) | **1,072** | 4,150 |

**6. Other expense**

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Foreign exchange difference, net | **4,521** | 3,933 |
| Loss on disposal of property, plant and equipment | **81,374** | - |
| Property, plant and equipment written off | **2,434** | - |
| | **88,329** | 3,933 |

**7. Loss before tax**

Loss before tax has been arrived at after charging:

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Depreciation of property, plant and equipment (Note 9) | **99,261** | 129,755 |
| Employee benefits expense | **116,474** | 153,784 |
| Professional fees | **35,089** | 40,726 |

## NOTES TO THE FINANCIAL STATEMENTS
## For the Financial year ended 31 March 2023

### 8. Income tax expense

The major components of income tax expense recognised in profit or loss for the years ended 31 March 2023 and 2022 were:

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Current income tax | | |
| - current year | - | - |

Relationship between accounting loss and tax expense

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March 2023 and 2022 were as follows,

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Loss before tax | **(671,713)** | (2,702,794) |
| Tax at the applicable tax rate of 17% (2022: 17%) | **(114,191)** | (459,475) |
| Expenses not deductible for income tax purpose | **72,036** | 453,455 |
| Income not subject to tax | **(825)** | (401) |
| Deferred tax assets not recognised | **43,426** | 6,421 |
| Utilisation of deferred tax assets previously not recognised | **(446)** | - |
| Income tax expense | **-** | - |

As at 31 March 2023, the Company has unutilised tax losses amounting to approximately US$291,000 (2022: US$37,000), which are available for offset against future taxable profits, subject to agreement by the tax authorities in the Singapore. The tax losses have no expiry date.

Deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements.

### 9. Property, plant and equipment

| | Leasehold building | Office equipment | Computer | Furniture & fixture | Total |
|---|---|---|---|---|---|
| | US$ | US$ | US$ | US$ | US$ |
| **Cost** | | | | | |
| At 1 April 2022 | 346,818 | 899 | 1,037 | 100,301 | 449,055 |
| Disposal | - | (899) | - | (100,301) | (101,200) |
| Write-off | (346,818) | - | (1,037) | - | (347,855) |
| At 31 March 2023 | - | - | - | - | - |
| **Accumulated depreciation** | | | | | |
| At 1 April 2021 | 128,100 | 56 | 111 | 4,458 | 132,725 |
| Depreciation | 122,836 | 60 | 173 | 6,686 | 129,755 |
| At 31 March 2022 | 250,936 | 116 | 284 | 11,144 | 262,480 |
| Depreciation | 94,071 | 45 | 130 | 5,015 | 99,261 |
| Disposal | - | (161) | - | (16,159) | (16,320) |
| Write-off | (345,007) | - | (414) | - | (345,421) |
| At 31 March 2023 | - | - | - | - | - |
| **Carrying amount** | | | | | |
| At 31 March 2023 | **-** | **-** | - | - | - |
| At 31 March 2022 | 95,882 | 783 | 753 | 89,157 | 186,575 |

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such assets are disclosed in Note 15.

### 10. Investment in a subsidiaries

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Unquoted shares, at cost | | |
| At the beginning of the financial year | **22,681,624** | 21,068,174 |
| Addition | **-** | 1,613,450 |
| | **22,681,624** | 22,681,624 |
| Less: Allowance for impairment losses | **(7,624,615)** | (7,288,809) |
| At the end of the financial year | **15,057,009** | 15,392,815 |

The movement in allowance for impairment losses of investment in subsidiaries was as follows:

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| At 1 April | **7,288,809** | 4,628,809 |
| Addition | **335,806** | 2,660,000 |
| At 31 March | **7,624,615** | 7,288,809 |

The details of the subsidiaries at are as follow:-

| Name of Subsidiary (Country of incorporation) | Principal activities | Proportion of equity held by the Company | |
|---|---|---|---|
| | | **2023 %** | 2022 % |
| PT Thermax International Indonesia (Indonesia) | Manufacture of component parts | **99.99** | 99.99 |
| Thermax Energy & Environment Philippines Corporation (Philippines)* | Marketing and sales of component parts | **100** | 100 |
| Thermax Energy & Environment Lanka (Private) Limited (Sri Lanka) | Marketing and sales of component parts | **100** | 100 |
| Thermax Sdn Bhd (Malaysia) | Marketing and sales of component parts | **100** | 100 |
| Thermax (Thailand) Limited | Marketing and sales of component parts | **99.99** | 99.99 |

*100% beneficial owner of Thermax Energy & Environment Philippines Corporation is Thermax Engieering Pte. Ltd. 5 individual are holding 1 share each in trust for beneficial owner to fulfil the local law requirement to have minimum 5 natural persons as members.

**11. Financial assets, at FVOCI**

| | 2023 | 2022 |
|---|---|---|
| | **US$** | US$ |
| At beginning and end of financial year | 1 | 1 |

| Name of Subsidiary (Country of incorporation) | Principal activities | Proportion of equity held by the Company | |
|---|---|---|---|
| | | **2023 %** | 2022 % |
| Thermax Nigeria Limited | Marketing and sales of component parts | **0.0004** | 0.0004 |

**12. Trade and other receivables**

| | 2023 | 2022 |
|---|---|---|
| | **US$** | US$ |
| **Trade receivables** | | |
| - third parties | **96,482** | 440,791 |
| Less: Allowance for expected credit losses | **(43,837)** | - |
| | **52,645** | 440,791 |
| **Other receivables** | | |
| - holding company | **-** | 212,577 |
| Deposits | **564** | 5,664 |
| GST receivables, net | **308** | 2,591 |
| Interest receivables | **2,621** | - |
| Prepayments | **3,680** | 14,249 |
| | **59,818** | 675,872 |

Trade receivables are unsecured, non-interest bearing and generally on 30 to 90 (2022: 30 to 90) days' credit terms.

The non-trade amount due from holding companies are unsecured, non-interest bearing and repayable on demand. The amount is fully settled in 2023.

The currency profile of the Company's trade and other receivables as at the end of the reporting period are as follows:

| | 2023 | 2022 |
|---|---|---|
| | **US$** | US$ |
| United States dollar | **55,266** | 653,368 |
| Singapore dollar | **4,552** | 22,504 |
| | **59,818** | 675,872 |

**13. Cash and cash equivalents**

| | 2023 | 2022 |
|---|---|---|
| | **US$** | US$ |
| Cash at banks | **125,627** | 722,417 |
| Fixed deposit | **300,000** | - |
| | **425,627** | 722,417 |

Short term fixed deposit bears interest at 4.31% (2022 : Nil.)

**14. Share capital**

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | **Number of ordinary shares** | Number of ordinary shares | **US$** | US$ |
| Issued and paid-up capital | | | | |
| At beginning of the financial year | **22,984,356** | 22,984,356 | **22,984,356** | 22,984,356 |
| Issue of new shares | **1,000,000** | - | **1,000,000** | - |
| At end of financial year | **23,984,356** | 22,984,356 | **23,984,356** | 22,984,356 |

The holder of ordinary shares are entitled to receive dividends as and when declared by the Company.

On 12 July 2022, the Company issues 1,000,000 ordinary shares for a total consideration of USD 1,000,000 for cash to provide funds for general working capital purposes.

**15. Lease liabilities**

Company as lessee

The Company has lease contracts for office premise in Singapore. The Company's obligations under these leases are secured by the lessor's title to the leased assets. The Company is restricted from assigning and subleasing the leased assets.

Carrying amount of right-of-use assets classified within property, plant and equipment

| | Leasehold buildings |
|---|---|
| | **US$** |
| At 1 April 2021 | 218,718 |
| Depreciation | (122,836) |
| **At 31 March 2022** | 95,882 |
| Depreciation | (95,882) |
| **At 31 March 2023** | - |

Lease liabilities

| | 2023 | 2022 |
|---|---|---|
| | **US$** | US$ |
| Current | **-** | 98,641 |
| | **-** | 98,641 |

The carrying amount and movement for lease liabilities during the year is disclosed in the financial statements and the maturity analysis of lease liabilities is disclosed in Note 18.

## NOTES TO THE FINANCIAL STATEMENTS
## For the Financial year ended 31 March 2023

Amount recognised in profit or loss

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Depreciation of right-of-use assets | **94,071** | 122,836 |
| Interest expense on lease liabilities (Note 5) | **1,072** | 4,150 |
| | **95,143** | 126,986 |

Total cash outflows

The Company had total cash outflows for leases of US$97,564 (2022: US$126,702).

The currency profile of the Company's lease liabilities as at the end of the reporting period is Singapore dollar.

**16. Trade and other payables**

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| **Trade payables** | | |
| - third parties | **-** | 92,288 |
| - holding company | **97,280** | 398,190 |
| | **97,280** | 490,478 |
| **Other payables** | | |
| - third parties | **649** | 17,818 |
| - holding company | **-** | 1,000,000 |
| Advance from customers | **-** | 253,478 |
| Accruals | **15,054** | 16,080 |
| | **112,983** | 1,777,854 |

Trade payables are unsecured, non-interest bearing and normally settled within 30 (2022: 30) days' credit terms.

The non-trade amount due to holding company are unsecured, non-interest bearing and repayable on demand. This amount has been fully settled in 2023.

The currency profile of the Company's trade and other payables as at the end of the reporting period are as follows:

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| United States dollar | **100,170** | 1,685,566 |
| Singapore dollar | **12,813** | - |
| Euro | **-** | 92,288 |
| | **112,983** | 1,777,854 |

**17. Significant related party transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| Holding company | | |
| Purchase of goods | **779,086** | 977,654 |
| Share Application money | **-** | 1,000,000 |

Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The Directors of the company are considered key management personnel of the company and they did not receive any remuneration from the Company during the financial year.

**18. Financial risk management**

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

*Credit risk*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has adopted a policy of only dealing with creditworthy counterparties. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 360 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Company has developed and maintained the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 720 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Company's current credit risk grading framework comprises the following categories:

| Category | Definition of category | Basis for recognition of expected credit losses (ECL) |
|---|---|---|
| I | Counterparty has a low risk of default and does not have any past-due amounts. | 12-month ECL |
| II | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL – not credit-impaired |
| III | Amount is >360 days past due or there is evidence indicating the asset is credit-impaired (in default). | Lifetime ECL – credit-impaired |
| IV | There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery. | Amount is written off |

The table below details the credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

| | Category | 12-month or lifetime ECL | Gross carrying amount | Loss allowance | Net carrying amount |
|---|---|---|---|---|---|
| | | | US$ | US$ | US$ |
| 31 March 2023 | | | | | |
| Trade receivables | Note I | Lifetime ECL (simplified) | 96,482 | (43,837) | 52,645 |
| Other receivables | | | 3,185 | - | 3,185 |
| | | | | - | |
| 31 March 2022 | | | | | |
| Trade receivables | Note 1 | Lifetime ECL (simplified) | 440,791 | - | 440,791 |
| Other receivables | Note I | 12-month ECL | 218,241 | - | 218,241 |
| | | | | - | |
| | | | | - | |

Trade receivables (Note 1)

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

| | Days past due | | | | | |
|---|---|---|---|---|---|---|
| | Not past due | 1 to 30 | 31 to 60 | 61 to 90 | 91 and above | Total |
| | US$ | US$ | US$ | US$ | US$ | US$ |
| 31 March 2023 | | | | | | |
| Trade receivables | - | - | - | 2,938 | 93,544 | 96,482 |
| ECL | - | - | - | - | (43,837) | (43,837) |
| | - | - | - | 2,938 | 49,707 | 52,645 |
| 31 March 2022 | | | | | | |
| Trade receivables | 130 | 274,750 | 142,097 | 23,814 | - | 440,791 |

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for outstanding trade receivables from 1 (2022: 4) customers which represent 76% (2022: 94%) of total trade receivables balance as at 31 March 2023.

Other receivables and amount due from holding company

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company finances its working capital requirements through a combination of funds generated from operations and financing from holding company, if necessary. The directors are satisfied that funds are available to finance the operations of the Company.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | Less than 1 year | Between 2 and 5 years | Total |
|---|---|---|---|
| | US$ | US$ | US$ |
| 31 March 2023 | | | |
| Trade and other payables | 112,983 | - | 112,983 |
| | 112,983 | - | 112,983 |
| 31 March 2022 | | | |
| Trade and other payables | 1,524,376 | - | 1,524,376 |
| Lease liabilities | 99,835 | - | 99,835 |
| | 1,624,211 | - | 1,624,211 |

**19. Financial instruments by category**

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were as follows:

| | 2023 | 2022 |
|---|---|---|
| | US$ | US$ |
| **Financial assets measured at amortised cost** | | |
| Trade and other receivables (Note 12) | **55,831** | 659,032 |
| Cash and cash equivalents (Note 13) | **425,627** | 722,417 |
| Total financial assets measured at amortised cost | **481,458** | 1,381,449 |
| **Financial assets measured at FVOCI** | | |
| Financial assets, at FVOCI (Note 11) | **1** | 1 |
| **Financial liabilities measured at amortised cost** | | |
| Trade and other payables (Note 16) | **112,983** | 1,524,376 |
| Lease liabilities (Note 15) | **-** | 98,641 |
| Total financial liabilities measured at amortised cost | **112,983** | 1,623,017 |

**20. Fair value of financial instruments**

*Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability

Fair value measurements that use inputs of different hierarchy levels are 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.

*Assets measured at fair value*

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

| | Fair value measurements at the reporting date using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments (Level 1) | Significant observable inputs other than quoted prices (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | US$ | US$ | US$ | US$ |
| 31 March 2023 | | | | |
| **Financial assets** | | | | |
| At FVOCI – non-listed equity instruments (Note 11) | - | - | 1 | 1 |
| 31 March 2022 | | | | |
| **Financial assets** | | | | |
| At FVOCI – non-listed equity instruments (Note 11) | - | - | 1 | 1 |

The fair value of the financial assets, at FVOCI representing the investments, which are classified as Level 3 as management is able to obtain the observable data directly from the fund manager, such as financial statements on a yearly basis for the identification of the fair value for the financial assets, at FVOCI.

Fair value of financial instruments that are not carried at fair value

The carrying amount of the current financial assets and current financial liabilities that are not carried at fair value approximate their respective fair values as at the end of the reporting period due to the relatively short-term maturity of these financial instruments.

The fair value of non-current financial liabilities that is not carried at fair value in relation to the lease liabilities disclosed in Note 15 to the financial statements approximate its fair value as the lease liabilities is subject to interest rates close to market rate of interest for similar arrangements and frequent re-pricing by the financial institutions.

Fair value of financial instruments carried at fair value

The Company has no financial assets and financial liabilities carried at fair value as at 31 March 2023 and 2022.

**21. Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholder value. The capital structure of the Company comprises issued share capital and retained earnings.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the financial years ended 31 March 2023 and 31 March 2022.

# Thermax Energy & Environment Philippines Corporation
## (A Subsidiary of Thermax Engineering Singapore Pte. Ltd.)

***Board of Directors***
Swapnil Dhumane
Rabindranath Pillai
Sandeep Mandke
Ramil E Bugayong
Patrick Arcellana
Shayantan Chatterjee (Treasurer)

***Registered Office***
Unit 4028, 40th floor, PBCOM Tower,
6795 Ayala Ave. Corner Rufino,
Makati City 1226, Metro Manila, Philippines

***Auditors***
SpCip Gorres Vebyo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

***Bankers***
Citi Bank,NA

**INDEPENDENT AUDITOR'S REPORT**

**Thermax Energy & Environment Philippines Corporation**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Thermax Energy & Environment Philippines Corporation (the Company), which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for Small Entities).

**Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, 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.

**Responsibilities of Management and Those agreed with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for Small Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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 PSAs, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on the Supplementary Information Required Under Revenue Regulations 34-2020 and 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 34-2020 and 15-2010 in Note 19 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Thermax Energy & Environment Philippines Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**SYCIP GORRES VELAYO & CO.**

**Ysmael S. Acosta**
Partner

CPA Certificate No. 112825
Tax Identification No. 301-106-775
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024 SEC Partner Accreditation No. 112825-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions BIR Accreditation No. 08-001998-130-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9369766, January 3, 2023, Makati City

May 12, 2023

**INDEPENDENT AUDITOR'S REPORT**

The Stockholders and the Board of Directors

Thermax Energy & Environment Philippines Corporation Unit 4033, 40th Floor PBCOM Tower

6795 Ayala Ave., corner Rufino St., Makati City

We have audited the financial statements of Thermax Energy & Environment Philippines Corporation (the Company), as at March 31, 2023 and for the year then ended, on which we have rendered the attached report dated May 12, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above Company has only one (1) stockholder owning one hundred (100) or more shares

**SYCIP GORRES VELAYO & CO.**

**Ysmael S. Acosta**

Partner

CPA Certificate No. 112825
Tax Identification No. 301-106-775
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024 SEC Partner Accreditation No. 112825-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions SEC Firm Accreditation No. 0001-SEC (Group A)
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PTR No. 9369766, January 3, 2023, Makati City

May 12, 2023

# Thermax Energy & Environment Philippines Corporation

## (A Subsidiary of Thermax Engineering Singapore Pte. Ltd.)

### Statement of Financial Position
### As on March 31, 2023
### (With Comparative Figure for 2022)

| | Note No | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | | PHP | Rs Lacs | PHP | Rs Lacs |
| **ASSETS** | | | | | |
| **Current Assets** | | | | | |
| Cash in bank | 4 | **23,935,018** | **362.40** | 19,120,492 | 280.23 |
| Trade and other receivables | 5 | **12,760,069** | **193.20** | 13,681,931 | 200.52 |
| Prepayments and other current assets | 6 | **1,278,554** | **19.36** | 3,217,428 | 47.15 |
| Security deposits | 7 | **436,580** | **6.61** | 436,580 | 6.40 |
| **Total Currents Assets** | | **38,410,221** | **581.58** | 36,456,431 | 534.31 |
| **Non-current Assets** | | | | | |
| Office Equipment | 8 | **-** | **-** | - | - |
| **TOTAL ASSETS** | | **38,410,221** | **581.58** | 36,456,431 | 534.31 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current Liabilities** | | | | | |
| Acrruals and other payables | 9 | **2,530,846** | **38.32** | 2,404,862 | 35.25 |
| **Non Current Liabilities** | | | | | |
| Deferred tax liability | | **257,948** | **3.91** | 177,310 | 2.60 |
| **Total Liabilities** | | **2,788,794** | **42.23** | 2,582,172 | 37.84 |
| **Equity** | | | | | |
| Capital stock | 11 | **49,000,000** | **741.92** | 49,000,000 | 718.14 |
| Deficit | | **(13,378,573)** | **(202.57)** | (15,125,741) | (221.68) |
| **Total Equity** | | **35,621,427** | **539.35** | 33,874,259 | 496.46 |
| **TOTAL LIABILITIES AND EQUITY** | | **38,410,221** | **581.58** | 36,456,431 | 534.31 |

See accompanying Notes to Financial Statements.

### Statement of Comprehensive Income
### For the year ended March 31, 2023
### (With Comparative Figures for the year from April 1, 2022 to March 2023)

| | Note No | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|---|
| | | PHP | Rs Lacs | PHP | Rs Lacs |
| Revenues | 12 | **17,057,489** | **258.27** | 9,546,034 | 139.91 |
| Cost of Services | 14 | **11,493,223** | **174.02** | 7,124,290 | 104.41 |
| Gross Income | | **5,564,266** | **84.25** | 2,421,744 | 35.49 |
| Operating expenses and Administrative expnese | 15 | **5,458,895** | **82.65** | 1,964,680 | 28.79 |
| Profit (Loss) From Operations | | **105,371** | **1.60** | 457,064 | 6.70 |
| Other Income | 13 | **2,074,276** | **31.41** | 1,452,464 | 21.29 |
| Profit Before Income Tax | | **2,179,647** | **33.00** | 1,909,528 | 27.99 |
| Provision For (Benefit From ) Income Tax | 18 | **432,479** | **6.55** | 322,723 | 4.73 |
| Net Profit/ (Loss) | | **1,747,168** | **26.45** | 1,586,805 | 23.26 |

See accompanying Notes to Financial Statements.

## Statement of Cash Flows

| | | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|---|
| | | PHP | Rs Lacs | PHP | Rs Lacs |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Income / (loss) before income tax | | **2,179,647** | **33.00** | 1,909,528 | 27.99 |
| Adjustment for : | | | | | |
| Bad debt expenses | 15 | **129,655** | **1.96** | - | - |
| Depreciation | 8 & 14 | **-** | **-** | 3,819 | 0.06 |
| Unrealized gain on foreign exchange | | **(1,289,738)** | **(19.53)** | (1,184,757) | (17.36) |
| Interest income | 4 & 13 | **(17,250)** | **(0.26)** | - | - |
| Operating loss before working capital changes | | **1,002,314** | **15.18** | 728,590 | 10.68 |
| Decrease / (Increase) in: | | | | | |
| Trade and other receivables | 5 | **1,078,265** | **16.33** | 7,746,155 | 113.53 |
| Prepayments and other current assets | | **1,938,874** | **29.36** | (797,771) | (11.69) |
| Increase / (Decrease) in: | | | | | |
| Accruals and other payables | 9 | **125,984** | **1.91** | (1,762,317) | (25.83) |
| Net cash generated from / (used for) operations | | **4,145,437** | **62.77** | 5,914,658 | 86.69 |
| Interest received | | **17,250** | **0.26** | - | - |
| Income tax paid | | **(351,841)** | **(5.16)** | - | - |
| Net cash provided by / (used in) operating activites | | **3,810,846** | **57.87** | 5,914,658 | 86.69 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | | **1,003,680** | **15.20** | 268,134 | 3.93 |
| **NET INCREASE (DECREASE) IN CASH** | | **4,814,526** | **73.07** | 6,182,792 | 90.61 |
| **CASH AT BEGINNING OF YEAR** | | **19,120,492** | **289.51** | 12,937,700 | 189.61 |
| **CASH AT END OF YEAR** | 4 | **23,935,018** | **362.57** | 19,120,492 | 280.23 |

See accompanying Notes to Financial Statements

Exchange Rate :as at 31 March 2023 is 1 PHP = 1.5141

Exchange Rate :as at 31 March 2022 is 1 PHP = 1.4656

## Statement of Equity
## For the year ended March 31, 2023
## (With Comparative Figures for the year from April 1, 2021 to March 31, 2022)

| | (Note 11) Capital Stock | | Deficit | | Total | |
|---|---|---|---|---|---|---|
| | PHP | Rs Lacs | PHP | Rs Lacs | PHP | Rs Lacs |
| For the year Ended March 31, 2023 | | | | | | |
| Balances at beginings of year | **49,000,000** | **741.92** | **(15,125,741)** | **(229.02)** | **33,874,259** | **512.90** |
| *Net Income / (Loss)* | **-** | **-** | **1,747,168** | **26.45** | **1,747,168** | **26.45** |
| **Balance at end of year** | **49,000,000** | **741.92** | **(13,378,573)** | **(202.57)** | **35,621,427** | **539.35** |
| For the year Ended March 31, 2022 | | | | | | |
| Balances at beginings of year | 49,000,000 | 741.92 | (16,712,546) | (253.05) | 32,287,454 | 488.87 |
| Net Income / (Loss) | - | - | 1,586,805 | 24.03 | 1,586,805 | 24.03 |
| **Balance at end of year** | 49,000,000 | 741.92 | (15,125,741) | (229.02) | 33,874,259 | 512.90 |

# Thermax Energy & Environment Philippines Corporation
## (A Subsidiary of Thermax Engineering Singapore Pte. Ltd.)

**Notes to Financial Statements**

1. **Corporate Information**

Thermax Energy & Environment Philippines Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 19, 2016 with a corporate life of fifty (50) years from and after the date of issuance of the certificate of incorporation in accordance with the Corporation Code of the Philippines (Batas Pambansa Blg. 68) and the Foreign Investments Act of 1991 (Republic Ac No. 7042, as amended).

The Company is primarily involved into marketing and sales support services to Thermax Ltd. and its group companies to negotiate and finalize order terms with customers and sell its products/industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, chemicals, absorption chillers, geothermal plants, solar based systems & power plants etc., support customers in installation, commissioning of equipment, sell spare parts and provideafter-sales and related services to third-party customers in Philippines.

The Company is a wholly owned subsidiary of Thermax Engineering Singapore Pte. Ltd. (the Parent Company). The Company's Ultimate Parent Company is RDA Holdings Pvt. Ltd. which was incorporated under the laws of India.

The Company's registered office is Unit 4033, 40th Floor PBCOM Tower, 6795 Ayala Ave., corner Rufino St., Makati City.

The Company has three (3) employees as at March 31, 2023 and 2022.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 12, 2023.

2. **Summary of Significant Accounting Policies**

Basis of preparation

The accompanying financial statements have been prepared on a historical cost basis and are presented in Philippine Peso (₱), the Company's functional currency. All amounts are rounded to the nearest Philippine Peso, unless otherwise indicated.

Statement of Compliance

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standard for Small Entities (PFRS for Small Entities) as approved by the Financial Reporting Standards Council, Board of Accountancy and SEC.

For Philippine financial reporting purposes, PFRS for Small Entities shall cover entities that:

(a) have total assets or total liabilities between ₱ 3 million and ₱ 100 million,

(b) are not required to file financial statements under Securities Regulation Code (SRC) Rule 68.1 (unlisted and non-public entities),

(c) are not in the process of filing financial statements for the purpose of issuing any class of instruments in a public market, and

(d) are not holders of secondary licenses issued by a regulatory agency such as banks, investment houses, finance companies, securities broker/dealers, mutual funds and pre-need companies.

Financial Instruments

*Classification*

The following are basic financial instruments:

- Cash
- A debt instrument that satisfies specific criteria
- A commitment to receive a loan that
  - o Cannot be settled net in cash, and
  - o When the commitment is executed, is expected to meet the conditions of a debt instrument above
- An investment in non-convertible preference shares and non-puttable ordinary shares or preference shares.

Other financial instruments would include instruments that are not within the scope of basic financial instruments.

The Company's basic and other financial assets and liabilities include "Cash in bank", "Trade and other receivables", "Security deposits" and "Accruals and other payables" (except for statutory liabilities).

*Recognition*

Basic and other financial assets and liabilities are recognized when the entity becomes a party to the contracts.

*Initial Measurement of Financial Instruments*

Basic financial instruments are measured at their transaction price including transactions costs. If the contract constitutes a financing arrangement it is measured at the present value of future payments discounted at a market rate of interest for a similar instrument (this is not applicable to assets and liabilities classified as current, unless they incorporate a finance arrangement).

If interest is not at a market rate, the fair value would be future payments discounted at a market rate of interest. Other financial instruments are initially measured at fair value, which is usually their transaction price. This will exclude transaction costs.

*Subsequent Measurement*

Debt instruments are measured at amortized cost using the effective interest rate. Commitments to receive a loan are measured at cost less impairment.

All other financial instruments are measured at fair value at reporting date. The only exception are equity instruments (and related contracts that would result in delivery of such instruments) that are not publicly traded and whose fair value cannot be reliably determined are measured at cost less impairment.

*Impairment of Financial Instruments*

At each reporting date, an assessment is made by the Company as to whether there is objective evidence of a possible impairment. The impairment loss of financial instruments at amortized cost is the difference between carrying value and the revised cash flows discounted at the original effective interest rate.

The impairment of financial instruments at cost less impairment is the difference between the carrying value and best estimate of the amount that would be received if the asset were sold at the reporting date.

*Fair Value*

The standard makes use of a fair value hierarchy. This is quoted prices in an active market, prices in recent transactions for the identical assets (adjusted if necessary), and use of a valuation technique (that reflects how the market would expect to price the asset and the inputs reasonably represent market expectations). Fair value, where there is no active market, is only considered reliable if the variability in the range of fair values is not significant and the probabilities of various estimates can be reasonably assessed.

*Derecognition*

The Company derecognizes a financial asset when:

- The contractual rights to the cash flows from the financial asset expire or are settled.
- The Company transfers to another party substantially all of the risks

and rewards of ownership of the financial asset.

- The Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party.

The Company derecognizes a financial liability when extinguished, cancelled or has expired.

Trade and other receivables

This represents receivables from customers and related parties for services rendered and rolling advances to assignees for business-related expenses. Advances to officers and employees are initially measured at fair value and subsequently measured at amortized cost less any impairment loss.

Prepayments and other current assets

This includes prepaid expenses, input value-added tax (VAT) and deferred input VAT.

*Prepaid expenses*

Prepaid expenses represent advance payments initially recorded as asset when paid. The portion of asset that have been used or expired during the period is charged to expense.

*Value-added tax*

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Security deposits

Security deposits represent rental deposit with the lessor for the condominium unit. These are measured initially at fair value and subsequently measured at amortized cost less any impairment loss.

Office equipment

Office equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences once the property and equipment are available for use and is calculated on a straight-line method over the estimated useful life (EUL) of the asset. The estimated useful life of computer equipment is three (3) years.

The assets' EUL and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the items of office equipment.

An item of office equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the office equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the statements of income for the year.

Impairment of non-financial assets

Prepayments and other current assets and office equipment are assessed at each reporting date to determine whether there is an indication that they are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Company will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years

Accruals and other payable

Accruals and other payables are present obligations on the basis of normal credit terms and do not bear interest. These are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized. The Company classifies a liability as current when it expects to settle the liability within 12 months after the reporting period.

Other payables represent reimbursement of business-related expenses incurred by the employees. These are initially measured at fair value and subsequently measured at amortized cost.

Provisions

Provisions are recognized 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets and contingent liabilities

Contingent assets are not recognized in the financial statements but disclosed when inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Revenue and expense recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and expense is recognized:

*Service income*

Service and commission income are recognized when services are rendered.

*Interest income*

Interest income is recognized as it accrues, net of final taxes.

*Other income*

Other income is recognized as it accrues.

*Expenses*

Expenses are recorded when incurred and measured at the amount paid or payable.

Foreign Currency Transactions

In preparing the financial statements, transactions in foreign currencies other than the functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair values are determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Foreign currency gain or loss resulting from the settlement of such transaction at year-end exchange rates of monetary asset denominated in foreign currency is recognized in the statement of income.

Employee benefits

*Short-term benefits*

The Company provides short-term benefits to its employees in the form of salaries and wages, 13th month pay, contributions to SSS/PHIC/HDMF, bonuses and allowances that are presented under salaries, wages and employee benefits as part of expenses.

Leases - Company as lessee

Leases applies to an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A lessee shall recognize all lease payments as expense in profit or loss in the period in which they are incurred.

Income tax

Current tax assets and liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are recalculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

Deferred income tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issue of new shares are shown in the equity as a deduction from proceeds, net of tax. When the shares are sold at premium, the difference between the proceeds at the par value is credited to “Additional paid-in capital” account. Direct costs incurred related to equity issuance are chargeable to “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Deficit include all current and prior period results of operation as reported in the statement of income, net of any dividend declaration.

Events after financial reporting date

Post year-end events that provide additional information about the Company’s position at reporting date (adjusting events) are reflected in the financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

**3. Significant Accounting Estimates and Judgements**

The preparation of the accompanying financial statements in conformity with PFRS for Small Entities requires the Company to make use of judgments, estimates and assumptions that affect the amounts on the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments

In process of applying the Company’s accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

*Lease agreements*

The Company has entered into various operating lease agreements during the current year. Based on the evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Company. In determining significant risks and benefits of ownership, the Company considered, among others, that there is no transfer of ownership of the asset to the lessee by the end of the lease term. Thus, the Company accounted for these agreements as operating leases.

*Functional currency*

The Company’s management considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. It is the currency which measures the performance and reports the results of the Company’s operations.

**4. Cash in Bank**

This account pertains to deposits in Citibank, N.A. amounting to ₱23,935,018 and ₱19,120,492 as at March 31, 2023 and 2022, respectively.

Cash in bank generally earn interest at prevailing bank deposit rates.

Total interest income earned on cash in bank amounted to ₱17,250 and nil in 2023 and 2022, respectively (see Note 13).

Unrealized foreign exchange gain (loss) due to cash in banks amounted to ₱1,003,680 and (₱268,134) in 2023 and 2022, respectively.

**5. Trade and Other Receivables**

| | 2023 | 2022 |
|---|---|---|
| Accounts receivable - trade | | |
| Related parties (Note 10) | **₽12,032,431** | ₽12,910,755 |
| Third parties | **708,130** | 762,927 |
| Advances to officers and employees | **197,420** | 107,500 |
| Advances to suppliers | **81,813** | 41,813 |
| Interest receivable | **17,250** | – |
| Other receivables | **–** | 6,257 |
| | **13,037,045** | 13,829,252 |
| Less: allowance for bad debts | **(276,976)** | (147,321) |
| | **₽12,760,069** | ₽13,681,931 |

Movements in allowance for bad debts on trade receivables in 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | **(₽147,321)** | (₽147,321) |
| Provisions (Note 15) | **(₽129,655)** | – |
| Ending balance | **(₽276,976)** | (₽147,321) |

Advances to suppliers pertain to deposits for processing of visa downgrade and annual report.

Advances to officers and employees represent rolling advances of assignees subject to liquidation.

**6. Prepayments and Other Current Assets**

| | 2023 | 2022 |
|---|---|---|
| Prepaid expenses (Note 16) | **₽716,535** | ₽546,860 |
| Prepaid income tax | **490,619** | 121,565 |
| Advances for liquidation | **15,000** | – |
| Deferred input VAT | **56,400** | 1,990 |
| Creditable withholding taxes | **–** | 2,324,566 |
| Input VAT | **–** | 222,447 |
| | **₽1,278,554** | ₽3,217,428 |

Creditable withholding taxes will be claimed as tax credit once received from customers and will be used against the income tax payable. Once collected, the creditable withholding taxes are reclassified to prepaid income tax. In 2022, the Company has written-off creditable withholding taxes which it assessed as not recoverable amounting to ₽ 2,363,108 (see Note 15). Prepaid income tax applied against income tax payable for the years ended March 31, 2023 and 2022 amounted to ₽ 121,565 and nil, respectively.

Prepaid expenses is composed of prepaid rent, insurance and business permits.

Input VAT represents VAT imposed on the Company by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations.

The deferred input VAT pertains to input VAT on the purchase of applicable services that are still outstanding at end of the financial reporting period which will be claimed as a tax credit against output VAT upon payment of the related liability.

**7. Security Deposits**

This account consists of two (2) months security deposits on lease contracts to the following lessors:

| | 2023 | 2022 |
|---|---|---|
| Regus PLT Centre Inc. | **₽346,980** | ₽346,980 |
| Excellent Forex Corp. | **89,600** | 89,600 |
| | **₽436,580** | ₽436,580 |

**8. Office Equipment**

| | 2023 | 2022 |
|---|---|---|
| Cost | | |
| Balance at beginning and end of year | **₽19,643** | ₽19,643 |
| **Accumulated Depreciation** | | |
| Balance at beginning of year | **19,643** | 15,824 |
| Depreciation (Note 14) | **–** | 3,819 |
| Balance at end of year | **19,643** | 19,643 |
| **Net book value** | **₽–** | ₽– |

**9. Accruals and Other Payables**

| | 2023 | 2022 |
|---|---|---|
| Deferred output VAT | **₽1,413,118** | ₽1,533,764 |
| Accrued expenses | **607,333** | 754,065 |
| Advances from officers and employees | **251,317** | 15,860 |
| Statutory payables: | | |
| Withholding tax payable on wages | **65,097** | 30,545 |
| Withholding tax payable at source | **41,757** | 29,134 |
| Fringe benefit tax payable | **68,912** | 27,946 |
| SSS, PHIC and HDMF payable | **26,341** | 13,548 |
| Output VAT payable | **28,799** | – |
| Advances from customer | **28,172** | – |
| | **₽2,530,846** | ₽2,404,862 |

Deferred output VAT represents VAT on trade receivables that are payable upon collection from customers.

Accrued expenses consist of the following:

| | 2023 | 2022 |
|---|---|---|
| Professional fees | **₽543,108** | ₽447,165 |
| Vehicle rental | **64,225** | 30,342 |
| Salaries | **–** | 276,558 |
| | **₽607,333** | ₽754,065 |

Output VAT payable is the VAT payable to the government from the collection from the customers and due for remittance to the government.

Trade payable represents payable for supply of system condensate circuit with necessary fittings.

### 10. Related Party Transactions

Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Company, in the normal course of business, has transactions with affiliates. The Company's relationships with the related parties are disclosed below:

| Related Party | Relationship |
|---|---|
| Thermax Limited | Entity under the common control of the Ultimate Parent Company |
| PT Thermax International Indonesia | Entity under the common control of the Ultimate Parent Company |
| Thermax Onsite Energy Solutions Limited | Entity under the common control of the Ultimate Parent Company |

Significant transactions of the Company in the normal course of business with related parties are described below. Amount/Volume relates to the amount affecting the profit or loss of the Company. Outstanding balance is inclusive of the VAT receivable from the affiliates. Transactions are generally settled in cash, unless otherwise stated.

| Category | Amount/ Volume | Outstanding Balance | Terms | Conditions |
|---|---|---|---|---|
| **2023** | | | | |
| Thermax Limited | | | | |
| Marketing and Sales Support Services (Note 5) | **₽9,854,658** | **₽5,357,746** | Non-interest bearing, 30-days | Unsecured, no impairment |
| PT Thermax International Indonesia | | | | |
| Marketing and Sales Support Services (Note 5) | **3,928,081** | **3,128,021** | Non-interest bearing, 30-days | Unsecured, no impairment |
| Thermax Onsite Energy Solutions Limited | | | | |
| Marketing and Sales Support Services (Note 5) | **3,274,750** | **3,546,664** | Non-interest bearing, 30-days | Unsecured, no impairment |
| **2022** | | | | |
| Thermax Limited | | | | |
| Marketing and Sales Support Services (Note 5) | ₽ 6,682,224 | ₽ 8,030,070 | Non-interest bearing, 30-days | Unsecured, no impairment |
| PT Thermax International Indonesia | | | | |
| Marketing and Sales Support Services (Note 5) | 2,863,810 | 4,880,685 | Non-interest bearing, 30-days | Unsecured, no impairment |

The Company has raised sales invoices with Thermax Limited, PT Thermax International Indonesia and Thermax Onsite Energy Solutions Limited for the provisioning of marketing and sales support services. The Company billed its affiliates at operating expenses plus mark-up rate of 6% for the years ended March 31, 2023 and 2022, respectively.

<u>Key management personnel compensation</u>

The key management personnel compensation includes salaries, social contribution, de minimis and bonuses for the years ended March 31, 2023 and 2022 and amounted to nil as the Company's accounting and administrative functions are handled by the Parent Company.

### 11. Share Capital

The Company's share capital as at March 31, 2023 and 2022 consists of:

| | Number of shares | In Philippine Peso |
|---|---|---|
| Authorized capital stock | | |
| ₽100 par value per share | 900,000 | ₽ 90,000,000 |
| Authorized capital stock | | |
| ₽100 par value per share | 490,000 | ₽ 49,000,000 |
| Paid up capital | | |
| ₽100 par value per share | 490,000 | ₽ 49,000,000 |

The Company has one (1) shareholder owning one hundred (100) or more shares as at March 31, 2023 and 2022.

### 12. Revenue

| | 2023 | 2022 |
|---|---|---|
| Service income | | |
| Related parties (Note 10) | **₽ 17,057,489** | ₽ 9,546,034 |
| Third parties | – | – |
| | **₽ 17,057,489** | ₽ 9,546,034 |

### 13. Other Income

| | 2023 | 2022 |
|---|---|---|
| Unrealized gain on foreign exchange - net | **₽ 1,289,738** | ₽ 1,184,757 |
| Realized gain on foreign exchange | **767,288** | 267,707 |
| Interest income (Note 4) | **17,250** | – |
| | **₽ 2,074,276** | ₽ 1,452,464 |

### 14. Cost of Services

| | 2023 | 2022 |
|---|---|---|
| Payroll and other related expenses | **₽ 4,711,737** | ₽ 2,810,206 |
| Vehicle rental | **2,018,347** | 1,169,974 |
| Transportation and travel | **2,113,422** | 1,077,480 |
| Rent (Note 16) | **1,591,510** | 1,414,720 |
| Fringe benefit | **478,174** | 301,920 |
| Fringe benefit tax | **257,478** | 164,572 |
| Communication | **144,462** | 92,328 |
| Printing and office supplies | **81,363** | 15,372 |
| Courier | **9,170** | – |
| Outside services | – | 20,714 |
| Depreciation (Note 8) | – | 3,819 |
| Others | **87,560** | 53,185 |
| | **₽ 11,493,223** | ₽ 7,124,290 |

## 15. Operating Expenses

| | 2023 | 2022 |
|---|---|---|
| Asset write-off (Note 6) | **₽2,363,108** | ₽– |
| Professional fees | **1,329,260** | 1,718,226 |
| Recruitment Fees | **671,750** | – |
| Bad debts expense (Note 5) | **129,655** | – |
| Insurance | **99,787** | 54,836 |
| Taxes and licenses (forward) | **80,766** | 95,554 |
| Bank charges | **33,412** | 23,144 |
| Repairs and Maintenance | **23,364** | 6,418 |
| Others | **727,793** | 66,202 |
| | **₽5,458,895** | ₽1,964,680 |

## 16. Lease Agreements

The Company entered in operating lease agreements as follows:

a. Lease of condominium located at Unit 3205 Tivoli Garden Residences, Coronado St. Brgy. Hulo, Mandaluyong City for a period of one (1) year from March 15, 2023 to March 14, 2024 with a monthly rent of ₽ 70,000 exclusive of VAT. Upon execution of the contract, the lessee shall pay six (6) month's advance rent.

b. Lease of office space located at Level 40, PBCom Tower, 6795 Ayala Avenue corner V.A. Rufino Street, Makati City, Philippines for a period of one (1) year from March 1, 2020 to February 28, 2021 with a monthly rent of ₽138,730 exclusive of VAT. Upon execution of contract, the lessee shall pay in two (2) months service retainer. Subsequently, the contract was renewed but with a decrease in office space for a period of (1) year from March 1, 2021 to February 28, 2022 with a monthly rent of ₽ 94,790 exclusive of VAT. The contract was renewed subsequently for a period of (1) year from March 1, 2022 to February 28, 2023 with a monthly rent of ₽ 99,530 exclusive of VAT. The contract was renewed subsequently for a period of (6) months from March 1, 2023 to August 31, 2023 with a monthly rent of ₽ 111,680 exclusive of VAT. The security deposit was carried forward from the previous contract. As at March 31, 2022, there was an advance rent payment amounting to ₽ 111,680.

c. Lease of condominium located at Unit - 3403D 34th Floor Milano Residences Century City, Makati City, Philippines for a period of two (2) years from January 17, 2018 to January 17, 2020 with a monthly rent of ₽ 42,400 exclusive of VAT. Upon execution of the contract, the lessee shall pay in Security Deposit of two (2) months. Subsequently, the contract was renewed for a period of (1) years from January 17, 2021 to January 17, 2022 with a monthly rent of ₽ 50,000 exclusive of VAT. The security deposit was carried forward from the previous contract and the Company is awaiting the refund of the deposit since the lease was not renewed subsequent to January 17, 2022. Fifty percent (50%) of the annual rent payments were expensed as rent amounting to ₽ 237,500 and the remaining fifty percent (50%) were expensed under fringe benefit amounting to ₽ 237,500.

Rent expense amounted to ₽ 1,591,510 and ₽ 1,414,720 for the years ended March 31, 2023 and 2022, respectively (Note 14).

The future minimum lease payments (excluding taxes, etc.) are as follows:

| | 2023 | 2022 |
|---|---|---|
| Less than one year | **₽ 1,398,400** | ₽ 1,899,830 |
| Between 1 to 5 years | – | – |
| More than 5 years | – | – |
| | **₽ 1,398,400** | ₽ 1,899,830 |

## 17. Foreign-Currency Denominated Assets

| | 2023 | 2022 |
|---|---|---|
| <u>Current assets</u> | | |
| Cash in banks | **$ 72,453** | $293,363 |
| Trade receivables | **221,347** | 250,494 |
| | **$ 293,800** | $543,857 |
| Year-end exchange rate | **54.36** | 51.96 |
| Peso equivalent | **₽15,970,968** | ₽28,258,810 |

Foreign exchange gain (loss) charged to operations is as follows:

| | 2023 | 2022 |
|---|---|---|
| Unrealized foreign exchange gain | | |
| Cash in banks | **₽1,003,680** | ₽ 268,134 |
| Trade receivables | **286,058** | 916,623 |
| Realized foreign exchange gain - net | **39,495** | 202,138 |
| | **₽ 1,265,139** | ₽1,386,895 |

## 18. Income Taxes

| | 2023 | 2022 |
|---|---|---|
| Current | **₽ 351,841** | ₽ 46,194 |
| Deferred | **80,638** | 276,529 |
| | **₽ 432,479** | ₽ 322,723 |

*Current income tax*

The current income tax expense for the years ended March 31, 2023 and 2022 pertains to normal income tax.

*Deferred income tax and liabilities*

The Company's deferred tax assets (liabilities) as of March 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Unrealized foreign exchange gains - net | **(₽ 257,948)** | (₽ 236,952) |
| MCIT | – | 59,642 |
| | **(₽ 257,948)** | (₽ 177,310) |

The Company has no NOLCO as at March 31, 2023 and 2022.

The carryforward benefits of MCIT available for offset against income tax payable are as follows:

| Year Incurred | March 31, 2022 | Utilized | Expired | March 31, 2023 | Expiration |
|---|---|---|---|---|---|
| 2019 - 2020 | ₽ 24,197 | ₽ 24,197 | ₽ – | ₽ – | 2023 |
| 2020 - 2021 | 35,445 | 35,445 | – | – | 2024 |
| | ₽ 59,642 | ₽ 59,642 | ₽ – | ₽ – | |

The reconciliation between the tax computed at statutory income tax rates to provision for income tax follows:

| | 2023 | 2022 |
|---|---|---|
| Income at statutory income tax rate | **₽ 435,929** | ₽ 381,906 |
| Tax effects of: | | |
| Interest income subjected to final tax | **(3,450)** | – |
| Movement in unrecognized deferred tax asset | – | (63,580) |
| Change in effective tax rate | – | 4,397 |
| Provision for income tax | **₽ 432,479** | ₽ 322,723 |

**19. Supplementary Tax Information under Revenue Regulations (RR)**

The Bureau of Internal Revenue has issued Revenue Regulations (RR) No. 15-2010 and (RR) No. 34-2020 which requires certain tax information to be disclosed in the notes to financial statements. The additional required disclosures as at and for the year ended March 31, 2023 are discussed below:

Value added tax (VAT)

The Company's VAT payable is computed as follows:

| | |
|---|---|
| Sales of services | ₱ 17,897,890 |
| Zero-rated sales/receipts | – |
| Total gross receipts | 17,897,890 |
| Less: Zero-rated sales/receipts | – |
| Total VATable gross receipts | 17,897,890 |
| Multiply by: Tax rate | 12% |
| Total output VAT for the year | 2,147,747 |
| Current year's purchases | |
| Domestic purchases of goods other than capital goods | 246,204 |
| Domestic services | 3,404,808 |
| Total VATable purchases | 3,651,012 |
| Multiply by: Tax rate | 12% |
| Total input for the year | 438,121 |
| Add: Previous year's excess input VAT | 222,447 |
| Total allowable input VAT | 660,568 |
| Output VAT declared for the year | 2,147,747 |
| Output VAT payable | 2,147,747 |
| Less: Total Input VAT at the end of the year | 660,568 |
| VAT payable for the year | 1,487,179 |
| Less: VAT payments for the current year | 1,458,380 |
| Net output VAT payable/(excess) | ₱ 28,799 |

*Landed cost, customs duties and tariffs*

The Company has no transactions which are subject to the determination of actual landed cost as the basis of computation and payment of customs duties and tariffs.

*Excise taxes*

The Company has no transactions that are subject to excise tax.

*Documentary stamp taxes*

The Company has no transactions that are subject to documentary stamp tax.

*Other taxes, local and national*

This account consists of taxes and licenses paid and accrued are as follows:

| | |
|---|---|
| Business permit | ₱ 80,266 |
| Annual registration | 500 |
| | ₱ 80,766 |

*Withholding taxes*

*i. Withholding tax on compensation*

| | |
|---|---|
| Total withholding tax payable for the year | ₱ 694,837 |
| Less: Payments made from April 2022 to February 2023 | 629,740 |
| Withholding tax still due and payable | ₱ 65,097 |

*ii. Fringe benefits tax*

| | |
|---|---|
| Total fringe benefit tax payable for the year | ₱ 257,478 |
| Less: Payments made from April 2022 to February 2023 | 188,566 |
| Fringe benefit tax still due and payable | ₱ 68,912 |

*iii. Expanded withholding tax*

| | |
|---|---|
| Total withholding tax payable for the year | ₱ 237,085 |
| Less: Payments made from April 2022 to February 2023 | 195,329 |
| Withholding tax still due and payable | ₱ 41,757 |

iv. Final withholding tax

The Company has no transactions subject to final withholding tax.

v. Creditable withholding tax

| | |
|---|---|
| Current year's creditable withholding tax | ₱ 514,635 |
| Creditable withholding tax applied for the year | 514,635 |
| Creditable withholding tax balance | ₱ – |

Tax assessment

The Company has not received any tax assessments from the BIR.

Tax cases

The Company has no outstanding cases which are under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

RR-No. 34-2020

On December 18, 2020, the BIR issued RR No. 34-2020 which prescribes the guidelines and procedures for the submission of BIR form 1709, Transfer Pricing Documentation (RPD) and other supporting documents. This regulation is issued to allow the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices.

Under this RR, Companies that will fall under the following criteria will be required to file and submit BIR Form 1709 or Information Return on Related Party Transaction (RPT Form):

(a) Large taxpayers;

(b) Taxpayers enjoying tax incentives, i.e. Board Of Investments (BOI)-registered and the economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;

(c) Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and

(d) A related party, as defined under Section 3 of RR No. 19- 2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit Related Party Transaction (RPT) Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity/parent company of the latter in the RPT Form.

Since the Company does not fall in any categories as mentioned above, it will not be required to file and submit BIR form 1709 for the year ended March 31, 2023.`

# THERMAX NIGERIA LIMITED

| **Board of Directors** | **Corporate Office** | **Independent Auditors** |
|---|---|---|
| Rabindranath Pillai<br>Sandeep Mandke | Landmark Towers<br>5B Water Corporation Road<br>Victoria Island<br>Lagos | PricewaterhouseCoopers<br>Chartered Accountants<br>Landmark Towers<br>5B Water Corporation Road<br>Victoria Island, Lagos |
| **Company Secretary** | **Bankers** | |
| Eko Nominees Limited<br>5B Water Corporation Road<br>Victoria Island<br>Lagos | Citi Bank Nigeria Limited<br>27 Kofo Abayomi Street<br>Victoria Island<br>Lagos | |

## Report of the directors

The directors of Thermax Nigeria Limited ("the Company") submit their report on the affairs of the Company together with the audited financial statements which have been prepared in line with the International Financial Reporting Standards (IFRS) and the report of the auditors for the year ended 31 March 2023.

**Incorporation and address**

Thermax Nigeria Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a private company and is domiciled in Nigeria. The address of its registered office is:

Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos.

**Principal activities**

Thermax Nigeria Limited was incorporated on 5 October 2015 to carry on the business of designing, manufacturing, supply, erection and commissioning, supervision, operation and maintenance of industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, absorption chillers, geothermal plants, solar based systems and power plants etc.

**Operating results and dividends**

The Company's results for the year ended 31 March 2023 are set out on page 9. The total comprehensive income for the year has been transferred to retained earnings. The summarised results are presented below.

| | **31 March 2023** | **31 March 2022** |
|---|---|---|
| | **N'000** | **N'000** |
| Revenue | 1,401,147 | 106,969 |
| Profit before tax | 589,519 | 10,534 |
| Income tax expense | (192,836) | (3,426) |
| Profit after tax | 396,683 | 7,108 |

The directors do not propose dividend payment in respect of the year ended 31 March 2023 (2022: Nil).

**Directors**

The directors who held office during the year and to the date of this report are given below.

Rabindranath Pillai

Sandeep Mandke

**Directors' shareholding**

None of the directors have any interest in the shares of the company as at 31 March 2023 (2022: Nil). According to the register of members as at 31 March 2023, the following are the shareholders of Thermax Nigeria Limited.

| | Number of shares held at 31 March 2023 | | | |
|---|---|---|---|---|
| | Shareholding (units) | Percentage | Shareholding (units) | Percentage |
| Thermax International Limited, Mauritius | 49,999,800 | 99.9996% | 49,999,800 | 99.9996% |
| Thermax Engineering Singapore PTE Limited | 200 | 0.0004% | 200 | 0.0004% |
| | 50,000,000 | 100% | 50,000,000 | 100% |

**Directors' interests in contracts**

None of the directors has notified the Company for the purpose of section 303(1) and (3) of Companies and Allied Matters Act of Nigeria (CAMA 2020), of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

**Events after the reporting date**

Information relating to events after the reporting date is disclosed in note 16 of these financials statements.

**Employee health, safety and welfare**

(a) *Health, Safety and Welfare at work*

The Company places high premium on the health, safety and welfare of its employees in their place of work. In order to protect other persons against risks to health and safety hazards arising out of or in connection with the activities of employees at work, the Company has adopted comprehensive safety policies and procedures and reviews safety facilities on a regular basis.

(b) *Employee consultation and training*

The Company places considerable value of the involvement of its employees in its affairs and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. It also ensures that employees receive on the job training complemented when and where necessary with additional facilities from educational institutions or other training institutions.

(c) *Employment of physically challenged persons*

Applications for employment by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. It is the policy of the Company that the training, career development and promotion of physically challenged employees should, as far as possible, be identical with that of other employees. There are no physically challenged persons in its employment during the year (2022: Nil).

**Donations and gifts**

The Company did not make any donations or gifts to any charitable organisations, political association or for any other purpose in the course of the year under review (2022: Nil).

**Auditors**

Messrs. PricewaterhouseCoopers, independent auditors, having indicated their willingness will continue as the Company's auditors in accordance with Section 401 of the Companies and Allied Matters Act (CAMA 2020).

**Eko Nominees Limited**

Company Secretary, Lagos, Nigeria

11th May 2023

## Statement of directors' responsibilities

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include:

a) ensuring that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act;

b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and

c) preparing the company's financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

| | |
|---|---|
| Rabindranath Pillai | Sandeep Mandke |
| 11th May 2023 | 11th May 2023 |

## Statement of corporate responsibilities over financial reporting

Pursuant to Section 405 of the Companies and Allied Matters Act, 2020, we confirm that we have reviewed the audited financial statements of Thermax Nigeria Limited for the year ended 31 March 2023.

We acknowledge our responsibility for establishing and maintaining internal controls withinThermax Nigeria Limited and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Company, particularly during the period in which the audited financial statements were prepared.

We have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date on our audited financial statements, and certify that the Company's internal controls are effective as of that date.

We also confirm that the Company's auditors have been informed about the following:

(i) There are no significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's Auditors any material weaknesses in internal controls, and

(ii) whether or not, that there are no fraud that involves management or other employees who have a significant role in the company's internal control;

During the year, there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

We hereby certify that based on our knowledge, the financial statements do not contain any untrue statement of material fact or material omission that may make the financial statements misleading and the financial statements fairly presents in all material respects the financial condition and results of operations of the Company for the year ended 31 March 2023.

| | |
|---|---|
| Rabindranath Pillai | Sandeep Mandke |
| 11th May 2023 | 11th May 2023 |

## Independent auditor's report

To the Members of Thermax Nigeria Limited

**Report on the audit of the financial statements**

**Our opinion**

In our opinion, Thermax Nigeria Limited's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

**What we have audited**

Thermax Nigeria Limited's financial statement comprise:

- the statement of profit or loss for the year ended 31 March 2023;
- the statement of financial position as at 31 March 2023
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

**Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**Other information**

The directors are responsible for the other information. The other information comprises the Corporate information, Report of the Directors, Statement of Director's Responsibilities, Statement of Corporate Responsibilities over Financial Reporting, Statement of Value Added and Five- Year Financial Summary but does not include the financial statements and our auditor's report theron.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

**Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainity 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 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.

**Report on other legal and regulatory requirements**

The Companies and Allied Matters act requires that in carrying out our audit we consider and report to you on the following matters.

We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from locations not visited by us;

iii) the company's statement of financial position and statement of profit or loss are in agreement with the books of account and returns.

**For: PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

**Date: 14 June 2023**
Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

# THERMAX NIGERIA LIMITED

## Statement of Profit and Loss and Other Comprehensive Income
## For the year ended 31 March 2023

| | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | NGN'000 | Rs. Lacs | NGN'000 | Rs. Lacs |
| Revenue | 5 | **1,401,147** | **2,503.59** | 106,969 | 195.22 |
| Operating expenses | 6 | **(819,166)** | **(1,463.70)** | (98,799) | (180.31) |
| Other income | 7 | **7,538** | **13.47** | 2,364 | 4.31 |
| **Operating profit** | | **589,519** | **1,053.36** | 10,534 | 19.22 |
| **Profit before tax** | | **589,519** | **1,053.36** | 10,534 | 19.22 |
| Taxation | 8 | **(192,836)** | **(344.56)** | (3,426) | (6.25) |
| **Profit after tax** | | **396,683** | **708.80** | 7,108 | 12.97 |
| Earnings per share (Naira) | | **7.93** | **0.01** | 0.14 | 0.00 |

The notes on pages 13 to 27 are an integral part of these financial statements.

Exchange rate : as at 31 March 2023 is 1 INR = NGN 0.178

Exchange rate : as at 31 March 2022 is 1 INR = NGN 0.185

## Statement of Financial Position

## For the year ended 31 March 2023

| | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | NGN'000 | Rs. Lacs | NGN'000 | Rs. Lacs |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Deferred tax assets | 8 | **23,575** | **42.12** | - | - |
| **Current assets** | | | | | |
| Trade and other receivables | 9 | **827,951** | **1,479.40** | 34,372 | 62.73 |
| Cash and cash equivalents | 10 | **382,978** | **684.31** | 42,032 | 76.71 |
| **Total current assets** | | **1,210,929** | **2,163.71** | 76,404 | 139.44 |
| **Total assets** | | **1,234,504** | **2,205.83** | 76,404 | 139.44 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade payables | | **346,850** | **619.76** | 2,092 | 3.82 |
| Accruals, provisions and other liabilities | 11 | **209,366** | **374.10** | 5,774 | 10.54 |
| Current tax liabilities | 8 | **216,494** | **386.84** | 3,343 | 6.10 |
| Deferred tax Liabilities | 8 | **-** | **-** | 83 | 0.15 |
| **Total current liabilities** | | **772,710** | **1,380.69** | 11,292 | 20.61 |
| **Total liabilities** | | **772,710** | **1,380.69** | 11,292 | 20.61 |
| **EQUITY** | | | | | |
| Share capital and share premium | 4 | **50,000** | **89.34** | 50,000 | 91.25 |
| Retained earnings | | **411,794** | **735.80** | 15,112 | 27.58 |
| **Total equity** | | **461,794** | **825.14** | 65,112 | 118.83 |
| **Total equity and liabilities** | | **1,234,504** | **2,205.83** | 76,404 | 139.44 |

The financial statements and other national disclosures on pages 9 to 29 were approved and authorised for issue by the Board of Directors on 11th May 2023 and were signed on its behalf by:

**Rabindranath Pillai**
Director

**Sandeep Mandke**
Director

The notes on pages 13 to 27 are an integral part of these financial statements.

## Statement of Changes in Equity

| | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | | Retained earnings | | Total | |
| | NGN'000 | Rs. Lacs | NGN'000 | Rs. Lacs | NGN'000 | Rs. Lacs |
| **Balance at 1 April 2021** | 50,000 | 89.34 | 8,005 | 14.30 | 58,005 | 103.64 |
| Profit for the year | - | - | 7,108 | 12.70 | 7,108 | 12.70 |
| **Balance at 31 March 2022** | 50,000 | 89.34 | 15,113 | 27.00 | 65,113 | 116.35 |
| **Balance at 1 April 2022** | **50,000** | **89.34** | **15,113** | **27.00** | **65,113** | **116.35** |
| Profit for the year | **-** | **-** | **396,682** | **708.80** | **396,682** | **708.80** |
| **Balance at 31 March 2023** | **50,000** | **89.34** | **411,795** | **735.80** | **461,795** | **825.14** |

The notes on pages 13 to 27 are an integral part of these financial statements.

## Statement of cash flows

| | | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|---|
| | | NGN'000 | Rs. Lacs | NGN'000 | Rs. Lacs |
| **Cash flows from operating activities** | | | | | |
| Profit on ordinary activities before taxation | | **589,519** | **1,053.36** | 10,534 | 19.22 |
| | | **589,519** | **1,053.36** | 10,534 | 19.22 |
| **Changes in working capital:** | | | | | |
| Changes in trade and other receivable | **9** | **(793,579)** | **(1,417.98)** | (13,407) | (24.47) |
| Changes in trade payables | | **344,758** | **616.02** | 832 | 1.52 |
| Changes in accruals, provisions and other liabilities | **11** | **203,592** | **363.78** | (1,327) | (2.42) |
| Income tax paid | **8** | **(3,343)** | **(5.97)** | (2,653) | (4.84) |
| **Net cash flow generated from/(used in) operating activities** | | **340,947** | **609.21** | (6,021) | (10.99) |
| Net (decrease)/increase in cash and cash equivalents | | **340,947** | **609.21** | (6,021) | (10.99) |
| Cash and cash equivalents at the beginning of the year | | **42,032** | **75.10** | 48,053 | 87.70 |
| **Cash and cash equivalents at the end of the year** | | **382,978** | **684.31** | **42,032** | **76.71** |

The notes on pages 13 to 27 are an integral part of these financial statements

**1 General information**

Thermax Nigeria Limited was incorporated in Nigeria as a private limited liability Company in 2015. The Company is domiciled in Nigeria and the address of its registered office is:

Plot 5B, Landmark Towers, Water Corporation Road, Victoria Island, Lagos, Nigeria

Thermax Nigeria Limited was incorporated on 5 October 2015 to carry on the business of designing, manufacturing, supply, erection and commissioning, supervision, operation and maintenance of industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, absorption chillers, geothermal plants, solar based systems and power plants etc.

**2 Summary of significant accounting policies**

**2.1 Introduction to summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.2 Basis of preparation**

The financial statements of Thermax Nigeria Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.2

**2.2.2 Changes in accounting policies and disclosures**

**i) New standards, amendments, interpretations adopted by the Company**

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

**a Property, Plant and Equipment: Proceeds before intended use– Amendments to IAS 16 (Effective 1 Jan 2022)**

The amendments issued on May 14, 2020 by the IASB addresses the accounting treatment for proceeds generated from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The standard was revised to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

**b Amendments to IAS 37, Provisions, contingent liabilities and contingent assets - "Onerous contracts - cost of fulfilling a contract" (effective for reporting periods beginning on or after 1 January 2022)**

The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives do not need to be restated.

**c 2018-2020 Annual improvements to IFRS standards - IFRS 9, IFRS 16 and IFRS 1 (effective for reporting periods on or after 1 January 2022)**

**IFRS 9 Financial Instruments -** This improvement clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

**IFRS 16 Leases** – This improvement amends the illustrative example 13 in the standard. It removes the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

**ii) New standards, amendments, interpretations issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Company. The Company does not expect the new accounting standards and interpretations to have a material impact on its current or future reporting periods. Details of these new standards and interpretations are set out below:

**a Classification of liabilities as current or non-current– Amendments to IAS 1 (Effective 1 January 2023)**

The amendments issued by the IASB on January 23, 2020 impact only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendment also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted.

The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

**b Amendments to IAS 8- Definition to Accounting Estimates (effective for reporting periods beginning on or after 1 January 2023)**

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments to IAS 8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

**c Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for reporting periods beginning on or after 1 January 2023)**

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised)and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

**d Amendments to IAS1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (effective for reporting periods beginning on or after 1 January 2023)**

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendmzent, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

The Company has assessed the impact of these new standards and determined that the standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The Company does not intend to adopt the amendments before their effective date.

There are no other IFRSs or IFRIC Interpretations that are yet to be effective that would be expected to have a material impact on the Company.

**2.3 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for goods or services stated net of value added taxes (VAT). Sale of services are recognised in the period in which the costs incurred in providing the services are recognised.

Revenue comprises the net value of goods and services invoiced to third parties after deduction of any trade discounts and VAT. Turnover from sale is recognised upon transfer to control to the buyer.

A valid contract is recognised as revenue after:

- The contract is approved by the parties.

- Rights and obligations are recognised.

- Collectability is probable.

- The contract has commercial substance.

- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Revenue represents the value of compensation earned for provision of marketing and sales support services to third-parties in Nigeria on behalf of Thermax Limited. It is recognised in the period in which the Company delivers the related services, and collectability of the related receivables is reasonably assured.

It also represents the value of compensation earned by providing Operation and Maintenance services in Nigeria. It is recognised in the period in which the Company delivers the related services, and collectability of the related receivables is reasonably assured.

**2.4 Statement of cash flows**

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

**2.5 Current and deferred taxation**

**2.5.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the balance sheet date. Education tax is assessed at 2% of the assessable profits determined in accordance with the Education Tax Act.

The Company is subject to the Finance Act as enacted, which amends the Company Income Tax Act (CITA). Total amount of tax payable under this is determined based on the higher of two components; Company Income Tax Act on taxable income (or loss) for the year, and minimum tax (determined based on 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit are treated as income tax in line with IAS 12, whereas minimun tax based on gross amount is outside the scope of IAS 12 and therefore not presented as tax expense in the statement of profit or loss.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

**2.5.2 Deferred tax**

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

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

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

**2.6 Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(a) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as National Pension Commission on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

**2.7 Trade, other receivables and assets**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit term is 7-90 days upon delivery. The Company has applied the simplified approach for trade and other receivables upon the adoption of IFRS 9 and follows an Expected Credit Losses ('ECLs') approach for measuring the allowance of its trade receivables. The expected loss rate is assessed on the basis of historical credit losses of 36 months before 31 March 2023 and adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The carrying amount of the receivable is reduced by the amount of the provision, which is recognised as part of operating expenses.

If a trade receivable ultimately becomes uncollectible, it is written off initially against any provision made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or provisions no longer required are credited against operating expenses. Loans are initially recognised at the fair value net of transaction costs incurred. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost.

Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan are amortised to the income statement over the borrowing period.

**2.8 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**2.9 Trade payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**2.10 Provisions**

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.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**2.11 Financial assets and liabilities**

Financial assets and liabilities (i.e. financial instruments) are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Thermax Nigeria Limited has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

**2.11.1 Classification**

Management determines the classification of its financial instruments at initial recognition.

*(i) Financial assets and liabilities at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Thermax's loans and receivables comprise trade, employee advances and other receivables in the statement of financial position.

*(iii) Financial liabilities at amortized cost*

Financial liabilities at amortized cost include trade payables, bank debt and other long-term debts

### 2.11.2 Recognition and measurement

*(i) Financial assets and liabilities at fair value through profit or loss*

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the income statement. Gains and losses arising from changes in fair value are presented in the statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term.

*(ii) Loans and receivables*

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Transaction costs are added to the fair value of the financial asset on initial recognition. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

### 2.12 Offsetting financial assets and financial liabilities

The Company offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 2.13 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

### 2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital accounts.

### 2.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. Diluted earnings per share incorporates potentially diluted shares at the statement of financial position date.

### 2.16 Foreign currency translation

*(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Nigerian Naira, rounded to the nearest thousand, which is the Company's functional currency.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from translation of monetary assets and liabilities denominated in currencies other than the entity's functional currency at year end exchange rates, are recognized in the income statement.

### 2.17 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

### 2.18 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed herein.

*Income taxes*

The company is subject to income taxes only within the Nigerian tax authority which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the company to generate future taxable economic earnings.

Taxes are paid by company under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations. Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Company may be challenged by the relevant taxation authorities. The Company's management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

## 3 Financial risk management

The Company's activities expose it to financial risk - credit risk, liquidity risk and market risk. Risk management is carried out by management, management identifies and evaluates the financial risks in co-operation with the Company's operating units and; provides written principles for overall risk management, as well as written policies covering specific areas. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

### 3.1 Credit risk management

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The balances exposed to credit risk are as disclosed below:

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Amounts due from related parties (note 9) | 75,336 | 22,354 |
| Amount due from others (note 9) | 655,466 | 5,354 |
| Other current assets (note 9) | 70,690 | 6,672 |
| Cash and cash equivalents (note 10) | 382,978 | 42,032 |
| Financial assets bearing credit risk | **1,184,469** | **76,412** |

Other receivables include unbilled revenue and staff receivables but excludes prepayments and withholding tax/VAT recoverable as these are non-financial assets.

**Impairment of financial assets**

The Company's financial assets that are subject to IFRS 9's new expected credit loss model are as follows:

- Trade Receivables
- Amount due from related parties and;
- Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there is no identified impairment loss.

*Amounts due from related parties*

Trade receivables represent fee income due from related parties for the provision of services in the ordinary course of business. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

The Company has applied a general approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including audited financial statements, cashflow projections), applying experienced judgement and historical default rates. Lifetime probabilities of default are determined based on available data which reflects the loss rate of the related party.

Intercompany receivables and payables are offset and the net amount presented in the Statement of Financial Position when, and only when the Company has a legally enforcable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The credit risk associated with receivables due from related parties are considered minimal and no impairment has been recognised in repsect of the balances at year end (2022: Nil).

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Gross carrying amount as at 1 April | 22,354 | 20,636 |
| Additions during the year | 140,843 | 96,820 |
| Receipts for the year | (87,861) | (95,102) |
| Gross carrying amount as at 31 March | **75,336** | **22,354** |

The expected loss rates are as follows:

| | Current (not past due) Qualitative Provision N'000 | Current (not past due) N'000 | More than 12 months past due N'000 | Total N'000 |
|---|---|---|---|---|
| Gross carrying amount | 765,804 | 75,766 | - | 841,570 |
| Unbilled Revenue | (110,768) | - | | (110,768) |
| Net Gross Carrying amount* | 655,036 | 75,766 | - | 730,802 |
| Default rate | 10% | - | - | 10% |
| Lifetime ECL on gross amount | (76,580) | - | - | (76,580) |
| Net trade receivables | 578,455 | 75,766 | - | 654,222 |

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Gross carrying amount as at 1 April | 27,701 | 20,636 |
| Opening balance exchange difference | - | 70 |
| Additions during the year | 1,384,981 | 128,591 |
| Receipts for the year | (682,572) | (121,589) |
| Closing balance exchange difference | 692 | - |
| *Net Gross carrying amount as at 31 March | 730,802 | 27,708 |
| Lifetime ECL | (76,580) | (7) |
| Net Carrying amount as on 31 March | 654,222 | 27,701 |

Cash and bank balance fall under neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates and the credit policy of the Enterprise.

Fitch ratings of cash and bank balances are:

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| B+ | 382,978 | 42,032 |

'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. This is based on Fitch national long-term rating.

**3.2 Liquidity risk**

**3.2.1 Management of liquidity risk**

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities.

The Company evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Company devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. The Company has no limitation placed on its borrowing capability.

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**At 31 March 2023**

| | Less than 3 months N'000 | Between 3 months and 1 year N'000 | Over 1 year N'000 | Total N'000 |
|---|---|---|---|---|
| Trade payables | 346,850 | - | - | 346,850 |
| Accruals, provisions and other liabilities | 208,976 | | 390 | 209,366 |
| | 555,826 | - | 390 | 556,216 |

**At 31 March 2022**

| | Less than 3 months N'000 | Between 3 months and 1 year N'000 | Over 1 year N'000 | Total N'000 |
|---|---|---|---|---|
| Trade payables | 2,092 | - | - | 2,092 |
| Accruals, provisions and other liabilities | 2,041 | 3,343 | 390 | 5,774 |
| | 4,133 | 3,343 | 390 | 7,866 |

## 3.3 Market risk

### 3.3.1 Management of market risk

Market risk is the risk of change in the fair value of financial instruments due to changes in interest rates and foreign exchange rates.

*(i) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Company's exposure to interest rate risk relates primarily to a long term borrowing from banks. There are no borrowings as the end of the year (2022: Nil).

*(ii) Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from commercial transactions. There are account receivable balances exposed to exchange risk at the end of the year N730.371m (2022: N22.354m).

*Sensitivity*

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. There are foreign denominated balances that are exposed to fluctuations in foreign exchange rates.

The sensitivity of the Company's earnings to fluctuations in exchange rates is reflected by varying the exchange rates as shown below:

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Impact on account receivable balance | | |
| Increase in US Dollars exchange rate against NGN +20% | 146,074 | 4,471 |
| Decrease in US Dollars exchange rate against NGN -20% | (146,074) | (4,471) |

*(iii) Price risk*

Price risk is the risk that prices of internationally traded commodities or equity prices will change. The Company does not trade in quoted securities and commodities.

## 3.4 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. However, the Company does not currently have any borrowings.

**Fair value hierarchy**

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. A description of the fair value hierarchy is detailed below:

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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All the Company's financial assets and liabilities are measured at amortized cost. The fair values are within level 2 of the fair value hierarchy.

**Financial instruments by category**

Financial assets and liabilities have been classified into categories that determine their basis of measurement and for items measured at fair value.

*(i) Financial assets classified as loans and receivables*

The carrying value of the Company's financial assets as at 31 March 2023 is the same as its fair value.

*(ii) Financial liabilities carried at amortised cost*

The carrying value of the Company's financial liabilities as at 31 March 2023 is the same as its fair value.

## 4 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| *Authorised and issued* | | |
| 50,000,000 ordinary shares of N1 each | 50,000 | 50,000 |
| *Paid-up Capital:* | | |
| 50,000,000 ordinary shares of N1 each | 50,000 | 50,000 |

Details for the Company's shares is as follows:

The Company has allotted shares of 50,000,000 at N1 each of which N49,999,800 are currently allotted to Thermax International Limited and same has been fully paid. N200 worth of shares are held and have been fully paid for by Thermax Engineering Singapore PTE Limited.

## 5 Revenue

The Company derives revenue from the transfer of services at a point in time in the following major product lines:

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Fee income | 140,843 | 96,820 |
| Technical services | 9,260 | 10,149 |
| Supply of Manpower for Operation and Maintenance activities | 1,251,044 | - |
| | **1,401,147** | **106,969** |

Thermax Nigeria has entered agreement with Thermax Limited for marketing and sales support services. Based on agreement company has raised revenue invoices on Thermax Limited by applying 6% of mark up on operating expenses. The fee income has been determined as follow:

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Operating expenses | 132,871 | 91,340 |
| Add : Mark-up of 6% | 7,972 | 5,480 |
| | **140,843** | **96,820** |

There was no assets or liabilities related to contracts with customers as at reporting date (2022: Nil). See note 2.3 for detailed accounting policy related to revenue from contracts with customers.

## 6 Operating expenses

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Audit fee | 6,787 | 3,294 |
| Professional and secretarial fees | 36,176 | 10,869 |
| Employees cost (note 12) | 380,664 | 37,760 |
| Site Expenses & Contract Labor | 139,133 | - |
| Food Expenses | 25,463 | - |
| Traveling and conveyance | 133,792 | 32,515 |
| Rent | - | 8,587 |
| Communication | 971 | 706 |
| Medical reimbursable expense | 551 | 1,409 |
| Vehicle repair and maintenance | 162 | - |
| Medical insurance | 1,863 | 1,227 |
| Miscellaneous expenses* | 15,771 | 2,025 |
| Others expenses | 1,239 | 400 |
| Provision for bad debt | 76,593 | 7 |
| | **819,165** | **98,799** |

*Miscellaneous expenses include expenses related to quarantine charges & medical test expenses following the Covid19 pandemic.

## 7 Other Income

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Forein exchange gain | 7,476 | 2,348 |
| Other income | 62 | 16 |
| | **7,538** | **2,364** |

## 8 Taxation

### 8.1 Income tax

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Company income tax | 199,814 | 3,079 |
| Education tax | 16,651 | 264 |
| Deferred tax charge to profit or loss | (23,658) | 83 |
| Police Trust Fund Levy | 29 | 1 |
| | **192,837** | **3,427** |

### 8.2 Reconciliation of effective tax to statutory tax

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Profit before tax | 589,519 | 10,534 |
| Tax calculated at statutory rate @ 30% (2021:20%) | 199,814 | 3,162 |
| *Tax effects of:* | | |
| Education tax | 16,651 | 264 |
| Police Trust Levy | 29 | 1 |
| Prior year adjustment for deferred tax | (83) | - |
| Deferred Tax charge- current year | (23,575) | - |
| **Income tax expense** | **192,836** | **3,427** |

### 8.3 Current income tax liability

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Balance at 1 April | 3,343 | 2,653 |
| Charge for the year | 216,494 | 3,343 |
| Payment during the year | (3,343) | (2,653) |
| **At 31 March** | **216,494** | **3,343** |

### 8.4 Deferred income tax assets

| | At 1 April 2022 N'000 | Credit/ (charge) to P/L N'000 | At 31 March 2023 N'000 |
|---|---|---|---|
| Credit to Income Statement | (83) | 23,658 | 23,575 |
| | **(83)** | **23,658** | **23,575** |

## 9 Trade and other receivables

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Balance due from related parties | 75,336 | 22,354 |
| Balance due from others | 655,466 | 5,354 |
| Total trade receivable | 730,802 | 27,708 |
| Expected credit loss | (76,580) | (7) |
| Net trade receivables | 654,222 | 27,701 |
| **Other receivables** | | |
| Advance to employees | 172 | 1,692 |
| Deposit for office rent* | 1,505 | 250 |
| Unbilled Revenue | 103,040 | - |
| Prepayments | 14,455 | 4,613 |
| Receivable from government authorities | 54,558 | 117 |
| | **827,952** | **34,373** |

* This relates to the expense of short term leases and low value items for which the Company has not recognised a right-of-use asset or lease liabilities.

**10 Cash and cash equivalents**

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Cash at bank | **382,978** | **42,032** |

**11 Accruals, provisions and other liabilities**

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Professional fees payable | 52,350 | 4,115 |
| Provision for VAT penalty | 390 | 390 |
| WHT liabilities | 13,920 | 185 |
| Payable to government authorities | 41,327 | 438 |
| Payable to employees | 1,216 | 646 |
| Advance Customer Payment | 100,113 | - |
| Payroll related liabilities | 49 | - |
| | **209,365** | **5,774** |

**12 Employee information**

| | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|
| Salaries and wages | 360,958 | 36,160 |
| Pension cost - Retirement contribution plan | 2,563 | 1,600 |
| Education Expenses | 2,676 | - |
| Rent | 14,468 | - |
| | **380,665** | **37,760** |

**Number of persons employed during the year**

| | 2023 Number | 2022 Number |
|---|---|---|
| Sales and marketing department | 3 | 3 |
| Service department | 6 | 3 |

**The number of employees with emoluments within the bands stated above are**

| | 2023 Number | 2022 Number |
|---|---|---|
| N100,000 - N1,000,000 | - | - |
| N1,000,001 - N40,000,000 | 9 | 6 |
| N40,000,001 - N80,000,000 | - | - |

**13 Related parties**

The company is a wholly owned subsidiary of Thermax International Limited. There are other companies that are related to Thermax Nigeria Limited through common shareholdings or common directorships.

**a Sale of goods and services**

| | Relationship | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|---|
| Thermax Limited | Parent company | 140,843 | 96,820 |

Marketing and sales support services were provided to Thermax Limited during the year.

**b Purchase of goods and services**

There were no purchases from related parties during the year (2022: Nil).

**c Amount due from related parties**

| | Relationship | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|---|
| Thermax Limited | Parent company | 75,336 | 22,354 |

**d Amount due to related parties**

| | Relationship | 31 March 2023 N'000 | 31 March 2022 N'000 |
|---|---|---|---|
| Thermax Limited | Parent company | 343,890 | - |

| | |
|---|---|
| Payable against Audit Fees | 4,296 |
| Payable against Debit Notes | 339,594 |

**e Key management compensation**

Key management personnel of the Company includes the directors. The directors waived their right to receive compensation from the Company during the year (2022: Nil).

**14 Contingent liabilities**

At the statement of financial position reporting date, there was no pending litigation arising in the ordinary course of business. The Company had no contingent liability as at the time of this report (2022: Nil).

**15 Commitments**

The Company had no capital commitments as at 31 March 2023 (2022: Nil).

**16 Events after reporting period**

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

**Other national disclosures:**

**Statement of value added**

| | 31 March 2023 N'000 | % | 31 March 2022 N'000 | % |
|---|---|---|---|---|
| Revenue | 1,401,147 | | 106,969 | |
| Other income | 7,538 | | 2,364 | |
| Bought in materials and services | 1,408,685 | | 109,333 | |
| **Brought in materials and services:** | | | | |
| Local | (438,502) | | (61,039) | |
| **Value added** | **970,183** | **100** | **48,294** | **100** |
| Applied as follows: | | | | |
| **To pay employees:** | | | | |
| Wages, salaries and other benefits | 380,664 | 39% | 37,760 | 78% |
| **Taxation:** | | | | |
| Tax charge | 192,836 | 20% | 3,426 | 7% |
| **To provide for enhancement of assets and growth:** | | | | |
| Retained profit for the year | 396,683 | 41% | 7,108 | 15% |
| **Value added** | **970,183** | **100** | **48,294** | **100** |

This statement represents the distribution of the wealth created through the use of the company's assets through its own and its employees efforts.

# THERMAX NIGERIA LIMITED

**Five-year financial summary**

| | 31 March 2023 | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| **Statement of financial position** | | | | | |
| Non-current assets | 23,575 | - | - | 2,851 | - |
| Current assets | 1,210,930 | 76,404 | 69,018 | 48,242 | 10,550 |
| **Total assets** | **1,234,504** | **76,404** | **69,018** | **51,093** | **10,550** |
| Current liabilities | 772,710 | 11,292 | 11,013 | 9,532 | 3,069 |
| Share capital | 50,000 | 50,000 | 50,000 | 50,000 | 15,000.00 |
| Accumulated loss | 411,794 | 15,112 | 8,005 | 8,005 | (7,519) |
| **Total equity** | **1,234,504** | **76,404** | **69,018** | **67,537** | **10,550** |

**Statement of profit or loss**

| | 31 March 2023 | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Revenue | 1,401,147 | 106,969 | 80,271 | 27,014 | - |
| Operating profit/(loss) | 589,519 | 10,534 | 21,948 | (3,771) | (4,054) |
| Taxation | (192,836) | (3,426) | (5,504) | 2,851 | - |
| Profit/(loss) for the year | 396,683 | 7,108 | 16,444 | (920) | (4,054) |

# THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

***Board of Directors***
Rabindranath Pillai
Bhavesh Chheda

***Registered Office***
Level 37, West Tower,
World Trade Center,
Colombo- 01

***Bankers***
Citi Bank, N.A.

***Auditors***
Emst & Young
Chartered Accountants
201 De Saram Place
P.O.Box 101
Colombo 107
Sri Lanka

**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Thermax Energy & Environment Lanka (Pvt) Ltd ("the Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities (SLFRS for SMEs).

**Basis for opinion**

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium Sized Entities (SLFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs 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 SLAuSs, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on other legal and regulatory requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

09 May 2023

Colombo

# THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

## STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH, 2023

| | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | **LKR** | **Rs Lacs** | LKR | Rs Lacs |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, Plant and Equipment | 4 | **3,094** | **0.01** | 7,219 | 0.02 |
| | | **3,094** | **0.01** | 7,219 | 0.02 |
| **Current Assets** | | | | | |
| Trade and Other Receivables | 5 | **15,600,484** | **39.56** | 7,145,925 | 18.74 |
| Income Tax Receivable | 11 | **263,713** | **0.67** | - | - |
| Cash and Cash Equivalents | 6 | **156,156,428** | **396.00** | 164,549,518 | 431.45 |
| | | **172,020,625** | **436.23** | 171,695,442 | 450.19 |
| **Total Assets** | | **172,023,720** | **437.23** | 171,702,662 | 450.20 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and Reserves** | | | | | |
| Stated Capital | 7 | **153,300,000** | **388.75** | 153,300,000 | 401.95 |
| Retained Earnings | | **18,312,810** | **46.44** | 17,738,419 | 46.51 |
| **Total Equity** | | **171,612,810** | **435.19** | 171,038,419 | 448.46 |
| **Current Liabilities** | | | | | |
| Trade and other payables | 8 | **410,910** | **1.04** | 656,653 | 1.72 |
| Income Tax Payable | 11 | **-** | **-** | 7,591 | 0.02 |
| | | **410,910** | **1.04** | 664,244 | 1.74 |
| **Total Liabilities** | | **410,910** | **1.04** | 664,244 | 1.74 |
| **Total Equity and Liabilities** | | **172,023,720** | **436.23** | 171,702,662 | 450.20 |

I certify that these Financial Statements comply with the requirements of the Companies Act No.7 of 2007.

Country Manager

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;

Director Director

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

09 May 2023
Colombo

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
## YEAR ENDED 31 MARCH 2023

| | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | **LKR** | **Rs Lacs** | LKR | Rs Lacs |
| Revenue | 9 | **29,551,616** | **74.94** | 17,270,421 | 45.28 |
| Other Income | | **(914,286)** | **(2.32)** | 1,932,676 | 5.07 |
| Administrative Expenses | | **(27,865,123)** | **(70.66)** | (16,386,788) | (42.97) |
| Finance Income | | **760,000** | **1.93** | 2,092,329 | 5.49 |
| **Profit /(loss) before tax** | | **1,532,207** | **3.89** | 4,908,638 | 12.87 |
| Income Tax Expense | 10 | **(957,816)** | **(2.43)** | (1,374,719) | (3.60) |
| **Profit/(loss) for the year** | | **574,391** | **1.46** | 3,533,919 | 9.27 |

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

## STATEMENT OF CHANGES IN EQUITY
## YEAR ENDED 31 MARCH 2023

| | Stated Capital | | Retained Earnings | | Total | |
|---|---|---|---|---|---|---|
| | LKR | Rs Lacs | LKR | Rs Lacs | LKR | Rs Lacs |
| **Balance as at 01 April 2021** | 153,300,000 | 388.75 | 14,204,499 | 36.02 | 167,504,499 | 424.77 |
| Profit for the year | - | - | 3,533,919 | 8.96 | 3,533,919 | 8.96 |
| **Balance as at 31 March 2022** | 153,300,000 | 388.75 | 17,738,419 | 45.98 | 171,038,419 | 433.74 |
| Profit for the year | - | - | 574,391 | 1.46 | 574,391 | 1.46 |
| **Balance at 31 March 2023** | **153,300,000** | **388.75** | **18,312,810** | **47.44** | **171,612,810** | **435.19** |

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

## STATEMENT OF CASH FLOWS
## YEAR ENDED 31 MARCH 2023

| | Notes | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|---|
| | | LKR | Rs Lacs | LKR | Rs Lacs |
| **Cash Flows from/(used in) Operating Activities** | | | | | |
| Profit/(Loss) before Tax | | **1,532,207** | **3.89** | 4,908,638 | 12.87 |
| Adjustments for | | | | | |
| Depreciation and Amortisation | 4.2 | **4,125** | **0.01** | 30,225 | 0.08 |
| Interest Received | | **(760,000)** | **(1.93)** | (2,092,329) | (5.49) |
| Operating Profit/(Loss) before Working Capital Changes | | **776,332** | **1.97** | 2,846,535 | 7.46 |
| (Increase) / Decrease in Trade and Other Receivables | 5 | **(8,454,560)** | **(21.44)** | 7,819,490 | 20.50 |
| Increase / (Decrease) in Trade and Other Payables | 8 | **(245,743)** | **(0.62)** | (213,616) | (0.56) |
| Cash used in Operations | | **(7,923,971)** | **(20.09)** | 10,452,409 | 27.41 |
| Income Tax Paid | | **(1,229,119)** | **(3.12)** | (1,547,095) | (4.06) |
| Net Cash used in Operating Activities | | **(9,153,090)** | **(23.21)** | 8,905,314 | 23.35 |
| **Cash Flows from/(used in) Financing Activities** | | | | | |
| Interest Received | | **760,000** | **1.93** | 2,092,329 | 5.49 |
| Net Cash flows from Financing Activities | | **760,000** | **1.93** | 2,092,329 | 5.49 |
| **Net (Decrease)/Increase in Cash and Cash Equivalents** | | **(8,393,090)** | **(21.28)** | 10,997,643 | 28.84 |
| **Cash and Cash Equivalents at the beginning of the year** | | **164,549,518** | **432.45** | 153,551,876 | 402.61 |
| **Cash and Cash Equivalents at the end of the year** | 6 | **156,156,428** | **411.16** | 164,549,518 | 431.45 |

The Notes to the Financial Statements from pages 07 to 16 form an integral part of these Financial Statements.

Exchange rate as at 31 March 2023 is 1 LKR = Rs. 0.2535

Exchange rate as at 31 March 2022 is 1 LKR = Rs. 0.2622

# THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

## NOTES TO THE FINANCIAL STATEMENTS
## YEAR ENDED 31 MARCH, 2023

**1. CORPORATE INFORMATION**

**1.1 General**

Thermax Energy & Environment Lanka (Pvt) Ltd ("Company") is a limited liability Company incorporated on 08 August 2017 in accordance with Companies Act No 7 of 2007 and domiciled in Sri Lanka. The registered office of the Company is located at Level 37, West Tower, World Trade Center, Colombo 01.

**1.2 Principal Activities and Nature of Operations**

The Company is primarily involved into marketing & sales support services to Thermax Ltd and finalize order terms with customers and sell its products/industrial equipment such as boilers, heaters, water and waste water treatment plants, air pollution control equipment, chemicals, absorption chillers, geothermal plants, solar based systems & power plants etc., support customers in installation, commissioning of equipment, sell spare parts and provide after-sales & related services to third-party customers in Sri Lanka.

**1.3 Parent Enterprise and Ultimate Parent Enterprise**

The Company's parent undertaking is Thermax Engineering Singapore PTE Ltd which is incorporated in Singapore. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is RDA Holdings Pvt Ltd which is incorporated in India.

**1.4 Date of Authorization for Issue**

The Financial Statements of Thermax Energy & Environment Lanka (Pvt) Ltd for the period ended 31 March 2023 were authorised for issue in accordance with the resolution of the Board of Directors on 09 May 2023.

**2. GENERAL POLICIES**

**2.1 Statement of Compliance**

The financial statements which comprises of the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow together with accounting policies and notes have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

**2.2 Basis of Preparation**

These financial statements have been prepared in accordance with the Sri Lankan Financial Reporting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka.

The functional currency of the company is Sri Lankan Rupees. The financial statements of the company are presented in Sri Lankan Rupees. The financial statements have been prepared on a historical cost basis otherwise indicate.

**2.3 Going Concern**

The Board has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on a going concern basis.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparations of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**3.1 Foreign Currency Translations**

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**3.2 Taxation**

**a) Current Tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

**b) Sales Tax**

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

**c) Deferred Taxation**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Neither deferred tax asset nor liability have been recognized since there were no temporary taxable or deductible difference as of reporting date.

**3.3 Cash and Cash Equivalents**

Cash and cash equivalents are cash in hand demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

**3.4 Property, Plant and Equipment**

**3.4.1 Recognition and measurement**

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

**3.4.2 Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

**3.4.3 Depreciation**

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current periods are as follows:

Computer & Software 04 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

**3.5 Provisions**

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.

**3.6 Defined Benefit Obligations**

**3.6.1 Defined Contribution Plan**

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

In addition to above, The Company also contributes 8% of gross emoluments of The Country Manager to Employee's Provident Fund.

**3.6.2 Defined Benefit Plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision for retirement benefits payable to employee under the Payment of Gratuity Act No.12 of 1983 has not been made in the accounts since the number of employees of the Company not exceeded 15 as at 31st March 2023.

**3.7 Stated Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**3.8 Revenue Recognition**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Company revenue relates to providing marketing & sales support services to Thermax Ltd, India. Revenue from contract is recognized based on the terms in the related contracts and is recognized as the services are performed.

**3.8.1 Interest Income**

Interest income is recognised in the Statement of Profit or Loss as it accrues and is calculated by using the effective interest rate method.

**3.9 Expenses**

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income statement.

| 4 | PROPERTY, PLANT AND EQUIPMENT | Balance As at 01.04.2022 | Additions/ Revaluation | Disposals | Balance As at 31.03.2023 |
|---|---|---|---|---|---|
| 4.1 | **Gross Carrying Amounts** | Rs. | Rs. | Rs. | Rs. |
| | **At Cost** | | | | |
| | Computers & Software | 133,500 | - | - | 133,500 |
| | **Total Gross Carrying Amount** | **133,500** | **-** | **-** | **133,500** |

| 4.2 | Depreciation | Balance As at 01.04.2022 | Charge for the year | Disposals/ Transfers | Balance As at 31.03.2023 |
|---|---|---|---|---|---|
| | **At Cost** | Rs. | Rs. | Rs. | Rs. |
| | Computers & Software | 126,281 | 4,125 | - | 130,406 |
| | **Total Depreciation** | **126,281** | **4,125** | **-** | **130,406** |

# THERMAX ENERGY & ENVIRONMENT LANKA (PVT) LTD

## NOTES TO THE FINANCIAL STATEMENTS
## YEAR ENDED 31 MARCH, 2023

**4.3 Net Book Value of Assets**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| **At Cost** | | |
| Computers & Software | 3,094 | 7,219 |
| **Total Carrying Amount of Property, Plant and Equipment** | 3,094 | 7,219 |

**4.4** Company has not acquired any assets during the year (2022 - Nil).

**5. TRADE AND OTHER RECEIVABLES**

| | Relationship | 2023 Rs. | 2022 Rs. |
|---|---|---|---|
| **Trade Receivables From Related Party** | | | |
| Thermax Limited - India | Affiliate Company | 15,174,478 | 5,047,651 |
| | | 15,174,478 | 5,047,651 |
| **Other Receivables** | | | |
| Refundable Deposit | | 239,750 | 822,950 |
| Prepayments | | 186,256 | 1,275,324 |
| | | 426,006 | 2,098,274 |
| | | 15,600,484 | 7,145,925 |

**6. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT**

| **Components of Cash and Cash Equivalents** | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| Cash and Bank Balances | 133,571,222 | 142,724,312 |
| Short Term Deposits (Note 6.1) | 22,585,206 | 21,825,206 |
| | 156,156,428 | 164,549,518 |
| **Unfavorable Cash and Cash Equivalent Balances** | | |
| Bank Overdrafts | - | - |
| **Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement** | 156,156,428 | 164,549,518 |

**6.1 Short Term Investments**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| Call Deposits | 20,000,000 | 20,000,000 |
| Interest Receivable on Fixed Deposits & Call Deposits | 2,585,206 | 1,825,206 |
| | 22,585,206 | 21,825,206 |

**7. STATED CAPITAL**

| | 2022/2023 | |
|---|---|---|
| | Number | Rs. |
| Fully Paid Ordinary Shares | 15,330,000 | 153,300,000 |
| | 15,330,000 | 153,300,000 |

**8. TRADE AND OTHER PAYABLES**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| **Accrued Expenses** | | |
| Audit fee payable | 195,000 | 165,000 |
| Legal & Professional Fees Payable | 55,000 | 45,000 |
| Other Payables | 160,910 | 446,653 |
| | 410,910 | 656,653 |

**9. REVENUE**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| Marketing and Sales Supporting Fees | 29,551,616 | 17,270,421 |
| | 29,551,616 | 17,270,421 |

## NOTES TO THE FINANCIAL STATEMENTS
## YEAR ENDED 31 MARCH, 2023

**10. TAXATION**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| Tax expense for the year (10.1) | **957,816** | 896,617 |
| (Over) / Under-provision from prior year | **-** | 478,102 |
| **Income tax expense reported in the Income Statement** | **957,816** | 1,374,719 |

**10.1 A reconciliation between the tax expense and the product of taxable profit multiplied by the statutory tax rate is as follows:**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| Accounting (Loss)/Profit before tax | **1,532,207** | 4,908,638 |
| Aggregate of Disallowed items | **3,389,574** | 34,365 |
| Aggregate of Allowed items | **(3,300)** | (3,300) |
| Aggregate of Gains from realization of Business Assets - Realized Gains | **(1,370,782)** | (1,203,799) |
| Income from other sources | **(760,000)** | (2,092,329) |
| Income from Business | **2,787,699** | 1,643,575 |
| **Taxable Profit ( loss )from Trade and Business** | **2,787,699** | 1,643,575 |
| **Other Sources of Income** | | |
| Interest Income | **760,000** | 2,092,329 |
| Taxable Income from other sources | **3,547,699** | 3,735,904 |
| **Income tax @ 24%** | **425,974** | 896,617 |
| **Income tax @ 30%** | **531,842** | - |
| **Total Income Tax** | **957,816** | 896,617 |

**11. INCOME TAX PAYABLE / REFUND**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| **Income tax payable / (Refund)** | | |
| At the beginning of the year | **7,591** | 179,967 |
| Provision made during the year | **957,816** | 896,617 |
| Under Provision in respect of previous year | **-** | 478,102 |
| Payments made during the year | **(1,229,119)** | (1,547,095) |
| Balance at the end of the year | **(263,712)** | 7,591 |

**12. COMMITMENTS AND CONTINGENCIES**

The Company does not have commitments and contingencies as at Reporting date.

**13. ASSETS PLEDGED**

The Company does not have asset pledged as at Reporting date.

**14. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There have been no material events occurring after the Reporting Date which require adjustment to or disclosure in the Financial Statements.

**15. RELATED PARTY DISCLOSURE**

**15.1 Transactions with the Related Entity**

| **Nature of Transaction** | **Thermax Limited India Affiliated Company** | |
|---|---|---|
| | 2023 | 2022 |
| | Rs. | Rs. |
| **As at 1 April** | **5,047,651** | 13,965,315 |
| Receipts | **(18,356,083)** | (26,624,962) |
| Marketing and Sales Supporting Services | **29,551,616** | 17,270,421 |
| Exchange Gain / Loss | **(1,068,705)** | 436,878 |
| **Balance as at 31 March** | **15,174,478** | 5,047,651 |

**15.2 Transactions with Key Management Personnel of the Company.**

The key management personnel of the company are the members of its Board of Directors and its Country Manager.

**Key Management Personnel Compensation**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| **Transactions with Key Management Personnel** | | |
| Short Term Benefits | **9,706,948** | 9,242,699 |
| Performance Incentives | **1,071,850** | 800,351 |
| Post Employment Benefits | **1,641,324** | 1,145,078 |

**16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is mainly exposed to foreign currency risk, credit risk, Recoverable Risks, Liquidity Risks, operational risk, & Compliance Risk.

**17. FINANCIAL RISK MANAGEMENT**

**Foreign exchange risk**

The Company's exposure to foreign exchange risk is significant as its main income is through foreign currency transactions. Company's one and only customers is denominated in United States Dollar . Hence, the element of risk is generated through the translation of such transactions into the reporting currency, i.e. Sri Lankan Rupees. Therefore, any form of fluctuation in the Exchange Rate will have an impact on the company which resulted in losses to the company.

The Company manages its foreign currency risk by giving shorter credit term to its one and only customer to avoid severe exchange losses.

**Credit risk**

The Company does not face any credit risk as it does not have any receivables with outside other than its group of companies.

**Trade Receivables**

Trade Receivables is from Related Party, Hence, no risk associated with it as the amounts are received accordingly to the credit period given.

**Liquidity risk**

The company is assured of any financial support from its immediate parents in case if they fall due to meet its obligations hence enabling them to continue their operation as a going concern. However, the company uses the above option only as a last resort. The company tries to manage its liquidity through its recoveries alone.

**Operational Risk**

The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework, which includes developing and monitoring the Company's risk management policies.

**Compliance Risk**

Compliance risk is defined as the potential financial loss or other damages arising from the failure to adhere to any law or regulatory requirement applicable to the Company, such as the Company's Act No. 07 of 2007, Sri Lanka Accounting and Audit Standards, guidelines set by Inland Revenue Department and Board of Investment Sri Lanka.

## DETAILED EXPENDITURE STATEMENTS YEAR ENDED 31 MARCH 2023

**Statement - 1**

| | 2023 | 2022 |
|---|---|---|
| | Rs. | Rs. |
| **ADMINISTRATIVE EXPENSES** | | |
| Accounting Charges | 799,470 | 582,120 |
| Accommodation Expense | 22,885 | - |
| Audit Fee | 195,000 | 165,000 |
| Bank Charges | 75,280 | 13,268 |
| BOI Fees | 136,987 | 88,587 |
| Communication Expense | 115,619 | 99,744 |
| Customer Relation Expense | 13,090 | 4,140 |
| Depreciation | 4,125 | 30,225 |
| EPF Expenses | 1,661,614 | 1,152,346 |
| ETF Expenses | 272,680 | 188,515 |
| Food Expense | 186,260 | 71,965 |
| Foreign Travelling | 90,234 | - |
| Fuel Expense | - | 34,741 |
| House Rent | 2,340,000 | 2,340,000 |
| Legal & Professional Fees | 55,000 | 107,585 |
| Leave Travel Allowance | 336,006 | - |
| Miscellaneous Expenses | 118,681 | 357,618 |
| Parking / Toll Fees | - | 3,320 |
| Payroll Processing Fees | 272,460 | 246,330 |
| Salaries & Wages | 15,045,758 | 6,888,901 |
| School Fees | 1,344,000 | 799,100 |
| Transport Charges | 147,809 | 13,614 |
| Vehicle Rent | 1,320,000 | 1,320,000 |
| Incentive | - | 1,007,551 |
| Insurance | 38,889 | 33,449 |
| Meeting Expense | - | 11,664 |
| Office Rent | 168,480 | 162,000 |
| Stamp Duty Expense | 300 | 300 |
| Local Conveyance Expense | 776,479 | 319,136 |
| Under Provision of Professional Fee | 1,300 | - |
| School Book Charges | 14,690 | 32,943 |
| Secretarial Charges | 124,000 | 118,095 |
| Audit Fee - Under Provision | 46,248 | 28,740 |
| One Time Lump Sum Payment | 1,466,972 | 95,807 |
| Over Provision for Leave Travel Expense | - | (23,954) |
| Written off VAT Receivables | - | 93,938 |
| Visa Expense | 647,816 | - |
| VAT Expenses | 22,650 | - |
| SSCL Expenses | 4,341 | - |
| | 27,865,123 | 16,386,788 |

# DANSTOKER POLAND SP. ZO.O.

***Management Board***

Mahesh Channakeshaviah Bukinkere (Chairman)
Peter Overgaard (Vice Chairman of the Board)
Sanjay Reddy (Board Member)

***Registered Office***

Ostrowiec Św. ul. Kolejowa 20

***Auditors***

Grant Thornton Polska P.S.A.
ul. Abpa Antoniego Baraniaka 88 E
61-131 Poznań
Polska

***Chief Operating Officer***

Grzegorz Borkowski

***In charge of the books of account***

Michał Musiał

***Bankers***

mBank

## Management's declaration

In accordance with Article 52 of the Accounting Act of 29 September 1994 with subsequent amendments, the Management Board of the Company Danstoker Poland Sp. z o.o. presents its financial statements for the financial year ended March 31st 2023, consisting of:

- the balance sheet prepared as at March 31st 2023,
- the profit and loss account for the period April 1st 2022 to March 31st 2023,
- the statement of cash flows for the period April 1st 2022 to March 31st 2023,
- the statement of changes in shareholders' equity for the period. April 1st 2022 to March 31st 2023,
- additional information, consisting of introduction and notes to the financial statements.

The financial statements have been prepared in accordance with the presented provisions of the Accounting Act, and give a true and fair view of the Company's financial position and financial result.

Company representatives

Mahesh Bukinkere

President of the Board

Peter Overgaard

Vice-President of the Board

Sanjay Reddy

Member of the Board

## Independent Auditor's Report

**For the Shareholders of Danstoker Poland sp. z o.o.**

**Opinion**

We have audited the annual financial statements of Danstoker Poland sp. z o.o. (the Company) with its registered office in 20 Kolejowa Street, Ostrowiec Świętokrzyski, which comprise the introduction to the annual financial statements, balance sheet as of March 31, 2023, the profit and loss account, statement of changes in equity, cash flow statement for the financial year then ended, additional notes and explanations.

In our opinion, the accompanying annual financial statements:

- give a true and fair view of the financial position of the Company as of March 31, 2023 and of its financial performance and of its cash flows for the financial year then ended in accordance with the Accounting Act of September 29, 1994 (uniform text: Journal of Laws of 2023, item 120, as amended) (the Accounting Act) and adopted accounting principles (policy),
- were prepared on the basis of properly maintained books of account,
- comply with the laws affecting the content and form of the annual financial statements and the provisions of the Company's articles of association.

**Basis of Opinion**

We conducted our audit in accordance with

- the Act of May 11, 2017 on statutory auditors, audit firms, and public supervision (uniform text: Journal of Laws of 2023, item 1015) (the Act on Statutory Auditors) and
- International Standards on Auditing adopted as National Standards on Auditing (NSA) by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019, as amended.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) adopted by the National Council of Statutory Auditors' resolution No. 3431/52a/2019 of March 25, 2019 together with the ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

**Responsibilities of Management Board for the Annual Financial Statements**

The Management Board of the Company is responsible for the preparation, on the basis of properly maintained books of account, of these annual financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Act, regulations issued on the basis thereof, adopted accounting principles (policy), other legal regulations, and the Company's articles of association. The Management Board of the Company is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

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

# DANSTOKER POLAND SP. ZO.O.

In accordance with the Accounting Act, the Management Board of the Company is obliged to assure compliance of the annual financial statements with the requirements of the Accounting Act.

**Auditor's Responsibilities for the Audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual 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 NSAs 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 annual financial statements.

The scope of the audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the Management Board has conducted or will conduct the affairs of the Company.

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

- Identify and assess the risks of material misstatement of the annual 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Other Information including the Report on the Company's operations**

The other information comprises the Report on the Company's operations for the financial year ended March 31, 2023. The Management Board of the Company is responsible for the preparation of the Report on the Company's operations in accordance with the Accounting Act and other legal regulations. The Management Board of the Company is obliged to assure compliance of the Report on the Company's operations with the requirements of the Accounting Act.

Our opinion on the annual financial statements does not cover the Report on the Company's operations and we do not express any form of assurance conclusion thereon that results from NSAs. In connection with our audit of the annual financial statements, our responsibility is to read the Report on the Company's operations and, in doing so, consider whether it is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Report on the Company's operations, we are required to report that fact. Additionally, according to the Act on Statutory Auditors, our responsibility is to express an opinion on whether the Report on the Company's operations has been prepared in accordance with legal regulations and whether information included therein is consistent with the accompanying annual financial statements.

In our opinion, the Report on the Company's operations has been prepared in accordance with the applicable legal regulations, i.e. Article 49 of the Accounting Act, and information included therein is consistent with the accompanying annual financial statements. Moreover, taking into account our knowledge of the Company and its environment obtained during the audit of the annual financial statements, we state that we have not identified any material misstatements in the Report on the Company's operations.

Paweł Zaczyński

Statutory Auditor No. 13290.

Key Audit Partner performing the audit on behalf of

Grant Thornton Polska Prosta spółka akcyjna,

Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Warszawa, 28th June 2023.

**Additional Information**

1. **General information**

The financial statements of Danstoker Poland Spółka z ograniczoną odpowiedzialnością (herainafter: "the Company"), with its registered office in Ostrowiec Świętokrzyski ul. Kolejowa 20, have been prepared in accordance with the Accounting Act of 29 September 1994 and the Code of Commercial Partnerships and Companies of 15 September 2000.

**The Company's activities consist of:**

Designing and production of boilers, high pressure tanks, heat exchangers and steel constructions.

**Classification of the Company's activities in accordance with PKD [Polish Classification of Activities] 2007:**

Core activity:

- Production of heaters and central heating boilers.

Secondary activities:

- Production of steel structures and their parts
- Production of other tanks, cisterns, and metal containers
- Metal forging and surfacing metals with various coatings
- Mechanical machining of metal elements
- Production of other metal finished goods not classified elsewhere
- Operations in the scope of professional design
- Operations in the scope of engineering and related technical advisory
- Construction of water & waste water, heating gas and cooling system.

On 14th of December 2016 the company entered in the Business Register of the National Court Register (Krajowy Rejestr Sądowy KRS) in number KRS 0000652298.

In accordance with its statute/articles of association, the Company has been formed for an unspecified time. The duration of the company is unlimited.

*The Company's Management Board comprises:*

- Mahesh Bukinkere,
- Peter Overgaard,
- Sanjay Reddy.

2. **Presentation of financial statements**

The Company is presenting its financial statements for the financial year from April 1st 2022 to March 31st 2023.

The financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future of no less than a year from the balance sheet date with no reduction of scope.

The company has been assured by its owner on further supporting the business. With that there are no othe threats to pursue the operations.

The Company is presenting additional information to the balance sheet in accordance with Appendix No. 1 to the Accounting Act.

3. **Comparability of data**

The present financial statements contain financial data for the financial year ended on March 31st 2023 as well as comparative financial data for the financial year ended on March 31st 2022. Numerical information, together with explanations, ensuring comparability of data in the financial statement for the previous year with the report for the current financial year are presented in note 52.

4. **Accounting methods**

The financial statements have been prepared in accordance with the requirements of the Accounting Act of 29 September 1994 applicable to going concerns.

The accounting methods adopted by the Company are applied continuously and are consistent with the accounting methods applied in the previous financial year.

The Company prepares its profit and loss account by nature.

In its financial statements the Company discloses economic events in accordance with their economic substance.

The Company's financial result for the financial year includes all revenue earned by and due to the Company, as well as all the costs associated with such revenue in accordance with the accrual method, the matching concept and the prudence principle.

**4.1. Profit and loss account**

**4.1.1. Revenue**

Sales revenue includes net amounts undoubtedly due or received as a result of sales, i.e. amounts reduced by applicable output value added tax (VAT), recorded in the periods to which they pertain. Revenue from the sale of finished products, goods for resale and raw materials is recognized in the profit and loss account when the significant risks and benefits of their ownership are transferred onto the buyer.

All costs incurred due to the performance of an unfinished service covered by a contract with a performance period not longer than 6 months until the completion of the contract, are presented as work in progress. Orders with a performance period of more than 6 months are accounted for as long-term contracts.

In accordance to Article 34a paragraph. 2 of the Accounting Act, revenues from unfinished service, including construction services, in the period from the conclusion of the contract to the balance sheet date - after deduction of revenues that influenced the financial result in previous reporting periods - are determined in proportion to the stage of its advancement. The stage of advancement of the service is measured by the share of costs incurred from the date of conclusion in the total costs of the service.

**4.1.2. Costs**

The Company records its costs by nature. The costs of finished products, goods for resale and raw materials sold include costs directly associated with them, as well as a justified portion of indirect costs.

The portion of indirect production costs that does not correspond to the level of such costs when normal production capacity is utilized constitutes a cost of the period in which it was incurred.

In addition, the company's financial result is affected by :

- Other operating revenue and costs indirectly related to the Company's operations, such as, among others, profits and losses from the sale of non-financial fixed assets, revaluation of non-financial assets, formation and release of provisions for future risks, penalties, fines and damage compensation, the receipt or presentation of donations.
- Financial revenue from dividends (shares in profits), interest, profits from the sale of investments, revaluation of investments, foreign exchange gains.
- Financial costs of interest, losses on the sale of investments, revaluation of investments, foreign exchange losses.

**4.1.3. Taxation**

The Company's gross financial result is adjusted by:

- its current corporate income tax liabilities,
- changes in deferred income tax assets and provisions for deferred income tax

  Deferred tax – the Company does not apply the simplifications arising out of Article 37 par. 10 of the Accounting Act, which make it possible to omit the calculation of deferred income tax assets and provisions for deferred income tax.

**4.1.4. Current income tax**

Current income tax – the Company

- is subject to the provisions of the Corporate Income Tax Act,
- is not exempt from corporate income tax based on Article 17 of the Corporate Income Tax Act.

  The Company's current corporate income tax liabilities are calculated in accordance with binding tax regulations.

**4.1.5. Deferred income tax**

Due to temporary differences in the value of the assets and liabilities shown in the books of account and their tax value, as well as the tax losses that may be deducted in the future, the Company creates a provision for deferred income tax and determines the value of deferred tax assets relating to the income tax of which it is a payer.

**Deferred income tax assets** are set at an amount expected to be deducted from income tax due to negative temporary differences, which will reduce the future tax base, as well as any deductible tax loss determined in accordance with the prudence principle.

**Provisions for deferred income tax** are created at the amount of income tax that will be payable in the future due to the existence of positive temporary differences, i.e. differences that will increase the tax base in the future.

The deferred portion disclosed in the profit and loss account constitutes the difference between the balance of provisions for deferred income tax and deferred income tax assets as at the end and beginning of the reporting period.

Provisions for deferred income tax and deferred income tax assets relating to transactions settled against equity are charged to equity.

The Company has adopted a method of not offsetting deferred income tax assets and provisions for deferred income tax.

The Company has adopted the following method for the reversal of temporary differences:

- if corporate income tax rates are different in the different financial years, the Company adopted the FIFO method in the reversal of temporary differences.

The amount of provisions for deferred income tax and deferred income tax assets is determined by taking into account the income tax rates applicable in the year in which the tax liability arose.

**4.2. Balance sheet**

**4.2.1. Intangible fixed assets** are property rights that may be used economically, with an expected economic useful life of more than a year, held for use for the Company's needs. They are stated at acquisition cost or cost of production for development work, less accumulated amortization and permanent impairment losses.

Intangible fixed assets include in particular

- costs of research and development completed with a positive outcome that will be used in production,
- acquired goodwill,
- copyrights, neighboring rights, licenses, concessions,
- rights to inventions, patents, trademarks, utility models,
- know-howz

Intangible fixed assets are amortized using the straight-line method in the period of their expected economic usefulness, using the following rates:

| | |
|---|---|
| - costs of completed research and development | 20%, |
| - acquired goodwill | 20%, |
| - copyrights, licenses, concessions, trade marks | 50%, |
| - computer software | 50%, |
| - other intangible fixed assets | 20%, |

- intangible fixed assets with an initial per-item value of no more than 10 thousand zł – amortized on a one-off basis.

If the economic useful life of the results of research and development work cannot be estimated reliably, the amortization period does not exceed 5 years.

**4.2.2. Fixed assets are tangible fixed assets and their equivalents with expected economic useful lives of more than one year, which are complete and may be used for the Company's purposes.** They are stated at acquisition cost, cost of production or revalued amount (after revaluation of assets), less accumulated depreciation and permanent impairment losses.

The acquisition cost and cost of production of fixed assets includes all the costs incurred by the Company for the period of their construction, assembly, adaptation and improvement up to the date on which they are taken over for use.

The acquisition cost or the cost of production of fixed assets includes the costs of the liabilities taken out in order to finance them and the related foreign exchange differences. The costs of the liabilities are decreased by the related revenue.

In accordance with the Accounting Act, the opening value and accumulated depreciation of fixed assets may, based on separate regulations, be subject to revaluation. The net book value of a fixed asset determined as a result of its revaluation should be no higher than its actual value, the writing down of which in the expected period of its further use is economically justified. The most recent revaluation of fixed assets was conducted using the rates announced by the Main Statistical Office (GUS) as at 1 January 1995.

The initial value of a fixed asset, constituting its acquisition cost or cost of production, is increased by the costs of improvements made to the asset, consisting of its reconstruction, expansion or modernization, resulting in its value in use after the improvements being higher than its initial value in use.

Used by the Company for tax purposes are the depreciation rates set forth in the Corporate Income Tax Act dated 15 February 1992, defining the value of tax-deductible depreciation.

Assets with expected useful lives of no more than one year or initial values of no more than 10,0 thousand zł are written off at the moment at which they are given over for use.

Fixed assets are depreciated using the straight-line starting from the month following the month in which they were taken over for use, in the period corresponding to the estimated period of their economic usefulness.

The following depreciation rates are used:

| | |
|---|---|
| - land in perpetual usufruct | 0% |
| - buildings and constructions | 2,5%/10%, |
| - plant and equipment, (excluding computer hardware), | 10%/14%/18%, |

- computer hardware, 30%,
- vehicles, 14%/20%,
- other fixed assets. 20%.

**4.2.3.** **Fixed assets under construction** are stated at the total costs directly associated with their acquisition or production, less permanent impairment. Included in the acquisition cost or cost of production of fixed assets under construction are the costs of liabilities taken out to finance them along with the related foreign exchange differences, less the resulting revenue.

**4.2.4.** **Tangible components of current assets are stated at acquisition cost or cost of production no higher than their net realizable price as at the balance sheet date.**

Individual groups of inventory are valued as follows:

| | |
|---|---|
| Raw materials | purchase price |
| Semi-finished products and | |
| work in progress | cost of production |
| Finished products | cost of production |
| Goods for resale | purchase price |

Costs of production do not include the following costs:

- arising out of unused production capacity and production losses,
- general administrative costs not associated with bringing the product to the form and place in which it occurs on the valuation date,
- costs of storing finished products and semi-finished products, unless such costs are a part of the production process,
- costs of sales.

In situations justified by the necessity to prepare goods for resale or products for sale, or by a long production process, the acquisition price or production cost is increased by the costs of the liabilities taken out in order to finance the inventory of goods for resale or finished products in the period in which they were being prepared for sale or manufactured, and the related foreign exchange differences, less the related revenue.

Revaluation write-downs of tangible components of current assets made due to their impairment or resulting from their valuation to net realizable prices reduce the value of the items in the balance sheet and are recorded under other operating costs.

Inventory outflow valuation methods:

- assuming that the outflow of asset components is stated consecutively at the prices (costs) of the asset components acquired (produced) first (FIFO),

**4.2.5.** **Receivables** are stated at amounts due, in accordance with the prudence principle (less revaluation write-downs).

Receivables expressed in foreign currencies are stated as at the balance sheet at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

Foreign exchange differences on receivables expressed in foreign currencies arising on the valuation and payment date are included in, respectively: foreign exchange losses in financial costs, foreign exchange gains in financial revenue. In justified cases they are included in the costs of finished products, services and goods for resale, as well as in the costs of tangible or intangible fixed assets (as an increase or a reduction of such costs, respectively).

**4.2.6.** **Cash and cash equivalents** are stated at nominal value.

Cash and cash equivalents expressed in foreign currencies are valued as at the balance sheet date at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

**4.2.7.** **Prepaid expenses** are recognized when the costs incurred relate to future reporting periods.

This item includes the surplus of the costs that have been recorded over the costs that have been invoiced in connection with the realization of long-term contracts. This item is used for paid insurance policies, subscriptions and inerim computer program licences.

**4.2.8. Unpaid share capital** consists of capital contributions that have been declared but not yet made. They are recognized at the value specified in the Company's articles of association/statute.

**4.2.9.** **Treasury (own) shares are assets acquired from the shareholders for the purpose of redemption or sale. They are recognized at acquisition cost.**

**4.2.10.** **Equity** is recognized in the books of account at nominal value by type and in accordance with the provisions of the law and the Company's articles of association/statute.

The Company's **share capital** is listed at the amount specified in the articles of association or statute and entered in the court register.

**Reserve capital** is formed from the distribution of profits, transfers from the revaluation reserve and share premium reduced by the costs of share issues. The remaining costs of share issues are recorded as financial costs.

**Revaluation** reserve is a fund created as a result of fixed asset revaluations; the most recent revaluation was conducted as at 1 January 1995. When assets are sold or liquidated, a corresponding part of the revaluation reserve is transferred to the reserve capital. A write-down relating to permanent impairment in the value of assets, which was previously subject to revaluation, reduces the revaluation reserve to the extent to which it corresponds to that fixed asset.

The revaluation reserve is also increased by the effects of revaluating investments included in fixed assets, whereby the value of the investments is increased to their market value. Any decreases in the value of the investments previously revalued to the amount by which the revaluation reserve was increased reduce the value of the revaluation reserve, providing that the revaluation difference had not been settled by the valuation date. The portion of the effects of decreases in the value of investments that exceeds the previously formed portion of the revaluation reserve are included in the financial costs of the reporting period.

**4.2.11.** **Provisions** are liabilities whose due date or amount are uncertain. Provisions are formed in accordance with a legal or customarily expected obligations, i.e. when there is a high probability that the entity will have to meet its obligations, and the costs or losses that will need to be incurred to meet the obligations are material to such an extent that failure to include them in the financial result of the period in which the obligation arose would result in a material misstatement of the Company's financial position and financial result.

Provisions are included, respectively, in other operating costs or financial costs, depending on the circumstances to which the future liabilities pertain.

**4.2.12.** **Liabilities** are stated as at the balance sheet date at amounts due, with the exception of liabilities, which in accordance with concluded agreements, are paid through the issue of financial assets other than cash or exchange to financial instruments – which are stated at fair value.

Liabilities with due dates of more than 1 year from the balance sheet date, with the exception of trade payables, are listed under long-term liabilities. The remaining liabilities are listed as short-term.

Liabilities expressed in foreign currencies are stated as at the balance sheet date at the average exchange rate announced for a given currency for that day by the National Bank of Poland.

Foreign exchange differences relating to liabilities expressed in foreign currencies arising as at the valuation and payment date are listed as: foreign exchange losses as financial costs, and foreign exchange gains as financial revenue. In justified cases they are included in the costs of finished products and services, or the acquisition price of goods for resale, as well as the costs of fixed assets or intangibles.

**4.2.13. Other accruals**

a) **Accrued expenses** are recognized at the value of the probable liabilities corresponding to the current reporting period.

- Paid time-off accruals
- Audit accruals

b) **Deferred income,** recognized in accordance with the prudence principle, includes in particular:

- funds received in order to finance the acquisition or production of fixed assets, including assets under construction and research and development work, if in accordance with other regulations they do not increase the Company's equity. The amounts included in deferred income gradually increase other operating revenue, parallel to depreciation/amortization and accumulated depreciation/amortization of fixed assets or research and development financed from those sources,
- negative goodwill,
- the equivalent of the funds received or due from contractors for services that will be performed in future reporting periods.

Advances received for the delivery of services are presented in the balance sheet under "short-term liabilities to other parties – advances for deliveries".

**4.2.14. Valuation of foreign currency transactions**

Economic transactions expressed in foreign currencies are recognized in the books of account as at the date of the transaction at the following rate:

1) the foreign exchange rate actually applied on that day, which arises out of the nature of the transaction – with respect to foreign currency sale or purchase transactions and with respect to payments of receivables and payables;

2) the average exchange rate announced by the National Bank of Poland for the day preceding the transaction – with respect to payments of receivables or payables, if the application of the actual exchange rate referred to in point 1 is not justified, and with respect to other transactions.

The following items expressed in foreign currencies are valued as at the balance sheet date:

1) assets (with the exception of shares in subordinated entities valued by equity accounting) and liabilities – at the average exchange rate binding on that day as announced for a given currency by the National Bank of Poland, subject to point 2;

2) cash at entities that buy and sell foreign currencies – at the rate applied at its purchase, no higher however than the average exchange rate announced for the day of the valuation by the National Bank of Poland.

Foreign exchange differences relating to other assets and liabilities expressed in foreign currencies arising as at their valuation and payment date are included in financial revenue or expenses, and in justified cases - in the costs of finished products and services, or the acquisition price of goods for resale, as well as the costs of fixed assets or intangibles.

**4.3. Financial risk factors and financial risk management – notes to the financial statements**

The Company's activities are exposed to the following types of financial risk:

- market risk, including currency risk, interest rate risk and other pricing risk,
- loss of liquidity risk,
- credit risk.

**Currency risk**

The Company is exposed to changes in foreign exchange rates due to 30 % of turnover coming from EUR. Thus the Company's currency risk is associated primarily with changes in the EUR. Intercompany services depend on DKK exchange rates. Its exposure to risks associated with other currencies is immaterial.

The Company does not manage currency risk.

The Company considers managing currency risk using natural hedges (balancing the revenue and expenses in a given currency), as well as derivative financial instruments, futures and options.

**Interest rate risk**

The Company has credit and loan payables where interest is calculated based on variable interest rates. Their worth is immaterial from exposure to interest rate risk point of view.

**Other pricing risk**

The Company is not exposed to significant other pricing risk associated with financial instruments, but there is a pricing risk relating to the prices of the Company's products and raw materials. The Company does not use derivative hedging instruments with regard to pricing risk.

**Loss of liquidity risk**

The Company is exposed to loss of liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The Company limits its loss of liquidity risk using financing of from the parent company (Danstoker A/S).

**Credit risk**

The Company is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Company to incur losses. The Company undertakes activities aimed at limiting credit risk, consisting of: checking the creditworthiness of its customers, securing collateral (guarantees), bank guarantees, prepayments.

Ostrowiec Świętokrzyski, June 28th 2023

**Financial statements prepared by**

**Michał Musiał**

Management Board

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**Mahesh Bukinkere**

President of the Board

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**Peter Overgaard**

Vice-President of the Board

.......................................................

**Sanjay Reddy**

Member of The Board

**Balance Sheet as at 31.03.2023**

| ASSETS | Note No | 31 Mar 2023 | | 31 Mar 2022 | |
|---|---|---|---|---|---|
| | | PLN | Rs Lacs | PLN | Rs Lacs |
| **A. NON-CURRENT ASSETS** | | **23,199,503** | **4,445.44** | 23,536,701 | 4,298.13 |
| **I. Intangible fixed assets** | | - | - | - | - |
| **II. Tangible fixed assets** | | **21,513,490** | **4,122.37** | 22,176,112 | 4,049.67 |
| 1. Fixed assets | | **21,508,896** | **4,121.49** | 22,142,882 | 4,043.60 |
| a) land (of which in perpetual usufruct) | 32 | **1,568,582** | **300.57** | 1,568,582 | 286.44 |
| b) buildings and constructions | 32 | **17,375,123** | **3,329.39** | 17,975,086 | 3,282.50 |
| c) plant and equipment | 32 | **1,764,975** | **338.20** | 2,272,425 | 414.98 |
| d) vehicles | 32 | **652,391** | **125.01** | 274,401 | 50.11 |
| e) other fixed assets | 32 | **147,825** | **28.33** | 52,389 | 9.57 |
| 2. Fixed assets under construction | 47 | **4,594** | **0.88** | 33,230 | 6.07 |
| **III. Long-term receivables** | 6 | - | - | - | - |
| **IV. Long-term investments** | | - | - | - | - |
| **V. Long-term prepayments** | | **1,686,013** | **323.07** | 1,360,589 | 248.46 |
| 1. Deferred income tax assets | 31 | **1,686,013** | **323.07** | 1,360,589 | 248.46 |
| **B. CURRENT ASSETS** | | **22,218,917** | **4,257.54** | 14,618,341 | 2,669.51 |
| **I. Inventory** | | **14,813,654** | **2,838.56** | 10,327,893 | 1,886.02 |
| 1. Raw materials | 34 | **8,584,386** | **1,644.92** | 4,746,270 | 866.74 |
| 2. Semi-finished products and work in progress | 34 | **5,858,169** | **1,122.53** | 5,200,636 | 949.71 |
| 3. Finished products | 34 | **368,070** | **70.53** | 203,294 | 37.12 |
| 4. Goods for resale | 34 | **2,455** | **0.47** | 4,924 | 0.90 |
| 5. Advances for supplies and services | 34 | **573** | **0.11** | 172,769 | 31.55 |
| **II. Short-term receivables** | | **4,668,883** | **894.64** | 3,231,163 | 590.06 |
| 1. Receivables from related parties | | **1,760,156** | **337.28** | 799,901 | 146.07 |
| a) trade receivables, with due dates: | | **1,760,156** | **337.28** | 799,901 | 146.07 |
| – within 12 months | 6 | **1,760,156** | **337.28** | 799,901 | 146.07 |
| 2. Receivables from other parties in which the company has invested capital | | - | - | - | - |
| 3. Receivables from other parties | | **2,908,728** | **557.36** | 2,431,262 | 443.98 |
| a) trade receivables, with due dates: | | **2,551,756** | **488.96** | 2,339,676 | 427.26 |
| – within 12 months | 6 | **2,551,756** | **488.96** | 2,339,676 | 427.26 |
| b) tax, subsidy, customs, social and health insurance and other public receivables | 6 | **337,336** | **64.64** | 69,039 | 12.61 |
| c) other | 6 | **19,636** | **3.76** | 22,547 | 4.12 |
| d) receivables in court | 6 | - | - | - | - |
| **III. Short-term investments** | | **2,548,937** | **488.42** | 433,848 | 79.23 |
| 1. Short-term financial assets | | **2,548,937** | **488.42** | 433,848 | 79.23 |
| c) cash and other cash assets | | **2,548,937** | **488.42** | 433,848 | 79.23 |
| – cash in hand and at bank | 1 | **2,548,937** | **488.42** | 433,848 | 79.23 |
| **IV. Short-term prepayments** | 31 | **187,442** | **35.92** | 625,437 | 114.21 |
| – of which: assets from unfinished construction contracts | | - | - | 567,605 | 103.65 |
| **TOTAL ASSETS** | | **45,418,420** | **8,702.99** | 38,155,042 | 6,967.64 |

# DANSTOKER POLAND SP. ZO.O.

**Balance Sheet as at 31.03.2023**

| LIABILITIES AND EQUITY | Note No | 31 Mar 2023 | | 31 Mar 2022 | |
|---|---|---|---|---|---|
| | | PLN | Rs Lacs | PLN | Rs Lacs |
| **A. EQUITY** | | **2,628,611** | **503.69** | 2,292,458 | 418.63 |
| **I. Share capital** | 3 | **5,000** | **0.96** | 450,000 | 82.18 |
| **II. Reserve capital, of which:** | 51 | **17,055,000** | **3,268.04** | 17,055,000 | 3,114.48 |
| – share premium | 51 | **17,055,000** | **3,268.04** | 17,055,000 | 3,114.48 |
| **III. Revaluation reserve, of which:** | | - | - | - | - |
| **IV. Other reserves, of which:** | | **445,000** | **85.27** | - | - |
| **V. Accumulated profit (loss) from previous years** | 50 | **(15,212,542)** | **(2,915.00)** | (13,704,497) | (2,502.63) |
| **VI. Net profit (loss) for the year** | 4 | **336,153** | **64.41** | (1,508,045) | (275.39) |
| **B. LIABILITIES AND COST PROVISIONS** | | **42,789,809** | **8,199.30** | 35,862,584 | 6,549.01 |
| **I. Cost provisions** | 13 | **3,108,567** | **595.66** | 2,985,465 | 545.19 |
| 1. Provision for deferred income tax | | **2,565,534** | **491.60** | 2,695,251 | 492.19 |
| 2. Provision for retirement and similar benefits | | - | - | - | - |
| 3. Other provisions | | **543,033** | **104.05** | 290,214 | 53.00 |
| – short-term | 13 | **543,033** | **104.05** | 290,214 | 53.00 |
| **II. Long-term liabilities** | | **16,663,121** | **3,192.95** | 175,146 | 31.98 |
| 1. To related parties | 7 | **16,186,577** | **3,101.64** | - | - |
| 2. To other parties in which the company has invested capital | 7 | - | - | - | - |
| 3. To other parties | | - | - | - | - |
| c) other financial liabilities | | **476,544** | **91.31** | 175,146 | 31.98 |
| **III. Short-term liabilities** | | **14,334,521** | **2,746.75** | 23,597,994 | 4,309.32 |
| 1. Liabilities to related parties | 7 | **2,215,042** | **424.44** | 14,469,801 | 2,642.39 |
| a) trade payables with due dates: | | **2,215,042** | **424.44** | 3,414,651 | 623.56 |
| – within 12 months | 7 | **2,215,042** | **424.44** | 3,414,651 | 623.56 |
| b) other | 7 | - | - | 11,055,150 | 2,018.83 |
| 2. Liabilities to other parties in which the company has invested capital | 7 | - | - | - | - |
| 3. Liabilities to other parties | 7 | **12,068,247** | **2,312.49** | 9,084,209 | 1,658.90 |
| a) credits and loans | 7 | - | - | - | - |
| b) debt securities | 7 | - | - | - | - |
| c) other financial liabilities | 7 | **128,083** | **24.54** | 39,766 | 7.26 |
| d) trade payables with due dates | | **6,277,563** | **1,202.89** | 4,196,038 | 766.26 |
| – within 12 months | 7 | **6,277,563** | **1,202.89** | 4,196,038 | 766.26 |
| e) advances received for supplies and services | 7 | **4,360,562** | **835.56** | 3,787,019 | 691.56 |
| f) promissory notes | 7 | - | - | - | - |
| g) tax, customs, social and health insurance and other public payables | 7 | **709,991** | **136.05** | 547,656 | 100.01 |
| h) payroll | 7 | **591,783** | **113.40** | 513,397 | 93.75 |
| i) other | 7 | **265** | **0.05** | 333 | 0.06 |
| 4. Special funds | 48 | **51,232** | **9.82** | 43,984 | 8.03 |
| **IV. Accruals** | | **8,683,601** | **1,663.93** | 9,103,980 | 1,662.51 |
| 1. Negative goodwill | 31 | **8,673,978** | **1,662.09** | 9,092,001 | 1,660.33 |
| 2. Accrued construction contracts | 31 | - | - | - | - |
| 3. Other accruals | | **9,622** | **1.84** | 11,979 | 2.19 |
| – short-term | 31 | **9,622** | **1.84** | 11,979 | 2.19 |
| **TOTAL LIABILITIES AND EQUITY** | | **45,418,420** | **8,702.99** | 38,155,042 | 6,967.64 |

**PROFIT AND LOSS ACCOUNT [by nature] for 01.04.2022 - 31.03.2023**

| | Note No | 01.04.2022 - 31.03.2023 | | 01.04.2021 - 31.03.2022 | |
|---|---|---|---|---|---|
| | | PLN | Rs Lacs | PLN | Rs Lacs |
| **A. Net revenue from sales and sales equivalent, of which:** | | **38,974,849** | **7,468.28** | 28,702,242 | 5,241.43 |
| – from related parties | 25 | **6,307,720** | **1,208.67** | 7,381,813 | 1,348.02 |
| I. Net revenue from the sale of finished products | 25 | **36,558,273** | **7,005.22** | 24,697,433 | 4,510.10 |
| II. Change in finished products (increase – positive value, decrease – negative value) | | **822,309** | **157.57** | 3,008,966 | 549.48 |
| III. Cost of producing goods for the entity's own needs | 26 | **-** | **-** | 68,670 | 12.54 |
| IV. Net revenue from the sale of goods for resale and raw materials | 25 | **1,594,266** | **305.49** | 927,173 | 169.31 |
| **B. Operating costs** | | **38,986,936** | **7,470.60** | 30,361,356 | 5,544.41 |
| I. Depreciation | 26 | **1,346,207** | **257.96** | 1,353,519 | 247.17 |
| II. Use of materials and energy | 26 | **18,816,385** | **3,605.56** | 13,874,305 | 2,533.64 |
| III. Third party services | 26 | **6,034,339** | **1,156.29** | 5,218,186 | 952.91 |
| IV. Taxes and charges | 26 | **326,271** | **62.52** | 343,198 | 62.67 |
| V. Wages and salaries | 26 | **9,140,026** | **1,751.39** | 7,173,401 | 1,309.96 |
| VI. Social insurance and other employee benefits, of which: | 26 | **2,229,594** | **427.23** | 1,710,302 | 312.33 |
| – retirement | 26 | **829,058** | **158.86** | 638,137 | 116.53 |
| VII. Other costs by nature | 26 | **132,424** | **25.37** | 263,373 | 48.10 |
| VIII. Cost of goods for resale and raw materials sold | 49 | **961,690** | **184.28** | 425,072 | 77.62 |
| **C. Sales profit (loss) (A-B)** | | **(12,087)** | **(2.32)** | (1,659,113) | (302.98) |
| **D. Other operating revenue** | | **2,332,599** | **446.97** | 1,426,995 | 260.59 |
| I. Profit on the sale of non-financial fixed assets | 27 | **381** | **0.07** | - | - |
| II. Subsidies | 27 | **-** | **-** | - | - |
| III. Revaluation of non-financial assets | 27 | **-** | **-** | - | - |
| IV. Other operating revenue | 27 | **2,332,217** | **446.89** | 1,426,995 | 260.59 |
| **E. Other operating costs** | | **2,114,996** | **405.27** | 1,151,780 | 210.33 |
| I. Loss on the sale of non-financial fixed assets | | **-** | **-** | - | - |
| II. Revaluation of non-financial assets | 28 | **199,073** | **38.15** | 40,847 | 7.46 |
| III. Other operating costs | 28 | **1,915,923** | **367.13** | 1,110,932 | 202.87 |
| **F. Operating profit (loss) (C+D-E)** | | **205,515** | **39.38** | (1,383,898) | (252.72) |
| **G. Financial revenue** | | **8,771** | **1.68** | - | - |
| V. Other | 29 | **8,771** | **1.68** | - | - |
| **H. Financial costs** | | **333,274** | **63.86** | 259,258 | 47.34 |
| **I. Interest, of which** | 30 | **333,274** | **63.86** | 136,857 | 24.99 |
| – to related parties | 30 | **289,085** | **55.39** | 132,577 | 24.21 |
| IV. Other | 30 | **-** | **-** | 122,401 | 22.35 |
| **I. Gross profit (loss) (F+G-H)** | | **(118,988)** | **(22.80)** | (1,643,157) | (300.06) |
| **J. Income tax** | 10 | **(455,141)** | **(87.21)** | (135,112) | (24.67) |
| **L. Net profit (loss) (I-J-K)** | | **336,153** | **64.41** | (1,508,045) | (275.39) |

# DANSTOKER POLAND SP. ZO.O.

## Statement of cash flows (PLN) (indirect method)

| | Note No | 01.04.2022 - 31.03.2023 | | 01.01.2021 - 31.03.2022 | |
|---|---|---|---|---|---|
| | | PLN | Rs Lacs | PLN | Rs Lacs |
| **A. Cash flows from operating activities** | | | | | |
| **I. Net profit (loss)** | | **336,153** | **61.39** | (1,508,045) | (275.39) |
| **II. Total adjustments** | | **2,044,524** | **373.36** | (467,682) | (85.41) |
| 1. Depreciation | 26 | **1,346,207** | **245.84** | 1,353,519 | 247.17 |
| 2. Foreign exchange gains (losses) | | **5,215** | **0.95** | 10,439 | 1.91 |
| 3. Interest and shares in profits (dividends) | 18 | **319,150** | **58.28** | 133,867 | 24.45 |
| 4. Profit (loss) on investing activities | | **(381)** | **(0.07)** | 5,457 | 1.00 |
| 5. Changes in provisions | 18 | **123,102** | **22.48** | 73,557 | 13.43 |
| 6. Changes in inventory | 18 | **(4,485,761)** | **(819.16)** | (5,320,978) | (971.69) |
| 7. Changes in receivables | 18 | **(1,437,721)** | **(262.55)** | 477,995 | 87.29 |
| 8. Changes in short-term liabilities, excluding credits and loans | 18 | **1,640,179** | **299.52** | 3,946,232 | 720.64 |
| 9. Changes in prepayments and accruals | 18 | **(307,809)** | **(56.21)** | (1,147,769) | (209.60) |
| 10. Other adjustments | 18 | **4,842,342** | **884.28** | - | - |
| **III. Net cash flows from operating activities (I+II)** | | **2,380,677** | **434.74** | (1,975,727) | (360.80) |
| **B. Cash flows from investment activities** | | | | | |
| I. Income | | **381** | **0.07** | - | - |
| 1. Sale of intangible and tangible fixed assets | | **381** | **0.07** | - | - |
| II. Expenses | | **134,876** | **24.63** | 95,554 | 17.45 |
| 1. Acquisition of intangible and tangible fixed assets | | **134,876** | **24.63** | 95,554 | 17.45 |
| III. Net cash flows from investment activities (I-II) | | **(134,495)** | **(24.56)** | (95,554) | (17.45) |
| C. Cash flows from financing activities | | | | | |
| I. Income | | **-** | **-** | 2,500,000 | 456.54 |
| 1. Net income from the issue of shares and other capital instruments as well as contributions to capital | | **-** | **-** | - | - |
| 2. Credits and loans | | **-** | **-** | 2,500,000 | 456.54 |
| II. Expenses | | **125,878** | **22.99** | 1,028,316 | 187.78 |
| 1. Acquisition of treasury (own) shares | | **-** | **-** | - | - |
| 2. Dividends and other payments to shareholders | | **-** | **-** | - | - |
| 3. Distributions of profit other than payments to shareholders | | **-** | **-** | - | - |
| 4. Repayment of credits and loans | | **-** | **-** | 1,000,000 | 182.61 |
| 5. Buyback of debt securities | | **-** | **-** | - | - |
| 6. Financial liabilities | | **-** | **-** | - | - |
| 7. Payment of finance lease payables | | **95,813** | **17.50** | 27,027 | 4.94 |
| 8. Interest | | **30,065** | **5.49** | 1,289 | 0.24 |
| III. Net cash flows from financing activities (I-II) | | **(125,878)** | **(22.99)** | 1,471,684 | 268.75 |
| D. Total net cash flows (A.III.+B.III+C.III) | | **2,120,304** | **387.20** | (599,598) | (109.49) |
| E. Net change in cash balances, of which: | | **2,115,089** | **386.24** | (610,036) | (111.40) |
| – change in cash balances relating to foreign exchange differences | | **(5,215)** | **(0.95)** | (10,439) | (1.91) |
| F. Cash at beginning of period | | **444,287** | **81.13** | 1,043,885 | 190.63 |
| G. Cash at end of period (F+D), of which: | | **2,564,592** | **468.33** | 444,287 | 81.13 |
| – restricted cash | | **300,120** | **54.81** | 14,603 | 2.67 |

## Statement of changes in shareholders equity

| | 01.04.2022 - 31.03.2023 | | 01.01.2021 - 31.03.2022 | |
|---|---|---|---|---|
| | **PLN** | **Rs Lacs** | **PLN** | **Rs Lacs** |
| **I. Equity at beginning of period (Opening Balance)** | **2,292,458** | **439.28** | 3,800,503 | 694.03 |
| – changes in accounting policies | **-** | **-** | - | - |
| – adjustment of errors | **-** | **-** | - | - |
| I.a. Adjusted equity at beginning of period (OB) | **2,292,458** | **439.28** | 3,800,503 | 694.03 |
| **1. Share capital at beginning of period** | **450,000** | **86.23** | 450,000 | 82.18 |
| **1.1. Changes in share capital** | **-** | **-** | - | - |
| a) increases relating to | **-** | **-** | - | - |
| – issue of shares | **-** | **-** | - | - |
| – raising nominal value of shares | **-** | **-** | - | - |
| – wniesienie kapitału zakładowego | **-** | **-** | - | - |
| b) decreases relating to | **445,000** | **85.27** | - | - |
| – correction of errors unregistered equity value in National Court Register | **445,000** | **85.27** | - | - |
| **1.2. Share capital at end of period** | **5,000** | **0.96** | 450,000 | 82.18 |
| 2.1. Changes in reserve capital | **17,055,000** | **3,268.04** | 17,055,000 | 3,114.48 |
| a) increases relating to | **17,055,000** | **3,268.04** | 17,055,000 | 3,114.48 |
| – share premium | **17,055,000** | **3,268.04** | 17,055,000 | 3,114.48 |
| 2.2. Reserve capital at end of period | **17,055,000** | **3,268.04** | 17,055,000 | 3,114.48 |
| 4. Other reserves at beginning of period | **445,000** | **85.27** | 445,000 | 81.26 |
| **4.1. Changes in other reserves** | **445,000** | **85.27** | - | - |
| a) increases relating to | **445,000** | **85.27** | - | - |
| – correction of errors unregistered equity value in National Court Register | **445,000** | **85.27** | - | - |
| b) decreases relating to | **-** | **-** | - | - |
| 4.2.Other reserves at end of period | **445,000** | **85.27** | - | - |
| 5. Accumulated profit (loss) from previous years at beginning of period | **(13,704,497)** | **(2,626.03)** | (13,704,497) | (2,502.63) |
| 5.4. Accumulated loss from previous years at beginning of period | **13,704,497** | **2,626.03** | 13,704,497 | 2,502.63 |
| – adjustment of errors | **-** | **-** | - | - |
| 5.5. Adjusted accumulated loss from previous years | **13,704,497** | **2,626.03** | 13,704,497 | 2,502.63 |
| a) increases relating to | **1,508,045** | **288.97** | - | - |
| 5.6. Accumulated loss from previous years at end of period | **15,212,542** | **2,915.00** | 13,704,497 | 2,502.63 |
| 5.7. Accumulated profit (loss) from previous years at end of period | **(15,212,542)** | **(2,915.00)** | (13,704,497) | (2,502.63) |
| 6. Net profit/loss | **336,153** | **64.41** | (1,508,045) | (275.39) |
| a) net profit | **-** | **-** | - | - |
| b) net loss | **(336,153)** | **(64.41)** | 1,508,045 | 275.39 |
| II. Equity at end of period (Closing Balance) | **2,628,611** | **503.69** | 2,292,458 | 418.63 |
| III. Equity after proposed distribution of profit (coverage of loss) | **-** | **-** | - | - |

# DANSTOKER POLAND SP. ZO.O.

9. Corporate Income Tax (CIT)

| Position | | | Current year | | | Previous year | | |
|---|---|---|---|---|---|---|---|---|
| | | | Total | Capital gains | Other | Total | Capital gains | Other |
| A | Gross profit (loss) (F+G-H) | Legal basis (CIT Act) | -118 988,36 | | | -1 643 156,83 | | |
| B | Tax-free income (permanent differences between profit / loss for accounting purposes and income / loss for tax purposes), including: | | 2 356,56 | 0,00 | 2 356,56 | 2 356,56 | 0,00 | 2 356,56 |
| | settlement of a redeemed loan for the purchase of fixed assets | (Article 17, Paragraph 21) | 2 356,56 | 0,00 | 2 356,56 | 2 356,56 | 0,00 | 2 356,56 |
| C | Revenues not subject to taxation in the current year, including: | | 461 049,45 | 0,00 | 461 049,45 | 985 628,00 | 0,00 | 985 628,00 |
| | non-invoiced revenues from long-term contracts | (Article 12, Paragraph 3-3g) | 0,00 | 0,00 | 0,00 | 567 605,00 | 0,00 | 567 605,00 |
| | write-off of negative goodwill | (Article 16c, Point 4) | 418 023,00 | 0,00 | 418 023,00 | 418 023,00 | 0,00 | 418 023,00 |
| | unrealised foregin exchange income | (Article 15a) | 43 026,45 | 0,00 | 43 026,45 | 0,00 | 0,00 | 0,00 |
| D | Taxable income in the current year, recognized in the accounting books of previous years, including: | | 567 605,00 | 0,00 | 567 605,00 | 0,00 | 0,00 | 0,00 |
| | long-term contracts (last year's revenue invoiced in the current year) | (Article 12, Paragraph 3-3g) | 567 605,00 | 0,00 | 567 605,00 | 0,00 | | 0,00 |
| E | Costs not constituting tax deductible costs (permanent differences between profit / loss for accounting purposes and income / loss for tax purposes), including: | | 380 715,05 | 0,00 | 380 715,05 | 170 484,39 | 0,00 | 170 484,39 |
| | representation costs, in particular incurred for catering services, purchase of food and beverages, including alcoholic beverages | (Article 16, Paragraph 1, Point 28) | 71 577,01 | 0,00 | 71 577,01 | 51 964,91 | 0,00 | 51 964,91 |
| | costs of using vehicles that are not the property of the company | (Article 16, Paragraph 1, Point 51) | 76 938,64 | 0,00 | 76 938,64 | 58 601,87 | 0,00 | 58 601,87 |
| | interest on leasing | (Article 16, Paragraph 1, Point 11) | 30 064,61 | 0,00 | 30 064,61 | 1 289,38 | 0,00 | 1 289,38 |
| | write-offs updating the value of receivables | (Article 16, Paragraph 1, Point 26a) | 199 073,15 | 0,00 | 199 073,15 | 40 847,37 | 0,00 | 40 847,37 |
| | the loss arose as a result of liquidation of fixed assets and intangible assets | (Article 16, Paragraph 1, Point 6) | 0,00 | 0,00 | 0,00 | 5 456,74 | 0,00 | 5 456,74 |
| | contributions to organizations to which the taxpayer's membership is not compulsory | (Article 16, Paragraph 1, Point 37) | 0,00 | 0,00 | 0,00 | 1 854,22 | 0,00 | 1 854,22 |
| | other values (sum of items, each of which is less than PLN 20,000) | (Article 15) | 3 061,64 | 0,00 | 3 061,64 | 10 469,90 | 0,00 | 10 469,90 |
| F | Costs not recognized as tax deductible costs in the current year, including: | | 1 696 752,68 | 0,00 | 1 696 752,68 | 1 112 068,68 | 0,00 | 1 112 068,68 |
| | the difference between tax depreciation and accounting depreciation (tax < accounting) | (Article 15, Paragraph 6) | 661 442,67 | 0,00 | 661 442,67 | 634 773,78 | 0,00 | 634 773,78 |
| | inventory write-downs | (Articleł 16, Paragraph 1, Point 26a) | 294 618,99 | | 294 618,99 | 0,00 | | 0,00 |
| | Social Security Institution contributions accrued unpaid in the current year | (Article 16, Paragraph 1, Point 57a) | 314 812,94 | 0,00 | 314 812,94 | 242 377,75 | 0,00 | 242 377,75 |
| | accrued but unpaid or redeemed interest on liabilities, including also on loans (credits) | (Article 16, Paragraph 1, Point 11) | 289 085,00 | 0,00 | 289 085,00 | 132 577,48 | 0,00 | 132 577,48 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | unrealised foregin exchange loss | (Article 15a) | 0,00 | 0,00 | **0,00** | 43 540,93 | 0,00 | **43 540,93** |
| | change in the provision for pension, holidays, bonuses | (Article 16, Paragraph 1, Point 27) | **134 550,75** | **0,00** | **134 550,75** | **53 528,04** | **0,00** | **53 528,04** |
| | unpaid remuneration under civil law contracts relating to March last year, paid in the following year | (Article 16, Paragraph 1, Poínt 57) | 2 242,33 | 0,00 | **2 242,33** | 5 270,70 | 0,00 | **5 270,70** |
| **G** | **Costs recognized as tax deductible costs in the current year recognized in the books of previous years, including:** | | 338 086,60 | 0,00 | **338 086,60** | 252 241,62 | 0,00 | **252 241,62** |
| | leasing installments paid (operational leasing converted into financial leasing) + initial payment | (Article 17b, Paragraph 1) | 90 438,15 | 0,00 | **90 438,15** | 23 341,65 | 0,00 | **23 341,65** |
| | Social Security Institution contributions relating to the previous year, paid in the current year | (Article 15, Paragraph 4h) | **242 377,75** | **0,00** | **242 377,75** | **222 617,40** | **0,00** | **222 617,40** |
| | remuneration paid under civil law contracts relating to last March, and paid in April this year | (Article 15, Paragraph 4g) | **5 270,70** | **0,00** | **5 270,70** | **6 282,57** | **0,00** | **6 282,57** |
| **H** | **Strata z lat ubiegłych, w tym:** | | **1 724 591,76** | | | **0,00** | | |
| | loss for 2017 not more than 50% | (Article 7, Paragraph 5) | **155 421,35** | | | **0,00** | | |
| | loss for 2018 not more than 50% | (Article 7, Paragraph 5) | **1 569 170,41** | | | **0,00** | | |
| **J** | **Income tax base** | | **0,00** | | | **-1 600 829,94** | | |
| **K** | **Corporate Income Tax** | | **0,00** | | | **00** | | |

**Note 1**

**Cash and other cash assets**

| | **31.03.2023** | **31.03.2022** |
|---|---|---|
| 1. Cash in hand | 6 177,75 | 4 314,96 |
| 2. Cash at bank - split payment VAT account | 198 351,88 | 10 836,00 |
| 3. Cash at bank | 2 344 407,79 | 418 697,33 |
| 4. Other cash | 0,00 | 0,00 |
| 5. Other cash assets | 0,00 | 0,00 |
| **Total** | **2 548 937,42** | **433 848,29** |

**Note 2**

**Cash and other cash assets (currency structure)**

| **Investment** | **Amount in PLN** | **Amount in EUR** | **Translated from EUR to PLN** | **Amount in USD** | **Translated from USD to PLN** | **Amount in DKK** | **Translated from DKK to PLN** | **Total cash and other cash assets in PLN** |
|---|---|---|---|---|---|---|---|---|
| Cash in hand and at bank | 560 896,99 | 424 811,50 | 1 986 206,17 | 246,21 | 1 057,08 | 1 238,14 | 777,18 | 2 548 937,42 |
| Other cash | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Other cash assets | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Total** | **560 896,99** | **424 811,50** | **1 986 206,17** | **246,21** | **1 057,08** | **1 238,14** | **777,18** | **2 548 937,42** |

**Note 3**

**Share capital ownership structure and number and nominal value of subscribed shares**

| **Share capital ownership (shareholders with at least 5% of shares)** | **Series** | **Registration date** | **How covered** | **Right to dividend (starting date)** | **Number of shares** | **Number of votes** | **Share issue price** | **Nominal value of shares (in PLN)** | **% of share capital*** |
|---|---|---|---|---|---|---|---|---|---|
| 1. Share capital - Danstoker AS | | 28.03.2017 | fully paid | | 100 | 100,00 | 50,00 | 5 000,00 | 100% |
| of which preferred | | | | | 0 | 0,00 | 0,00 | 0,00 | 0,00 |
| 1. Share capital - Danstoker AS | | 06.03.2020 | fully paid | | 8 900 | 0,00 | 50,00 | 445 000,00 | 0,00 |
| of which preferred | | | | | 0 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Total** | | | | | **9000.00** | **100 .00** | | **450,000** | **100%** |

* share in the share capital corresponds to the share in the total number of votes

**Note 4**
**Proposed distribution of profit or coverage of loss for the year**

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| **NET PROFIT/LOSS** | **336 152,64** | -1 508 044,83 |
| Reserve capital (+/-) | **0,00** | 0,00 |
| Other reserves (+/-) | **0,00** | 0,00 |
| Company Employee Social Benefits Fund | **0,00** | 0,00 |
| Shareholder dividends (interest on capital) | **0,00** | 0,00 |
| Bonuses from profit | **0,00** | 0,00 |
| Social causes | **0,00** | 0,00 |
| Reduction in share capital | **0,00** | 0,00 |
| Shareholder contributions (if provided for in the articles of association) | **0,00** | 0,00 |
| Coverage of losses from previous years | **336 152,64** | 0,00 |
| Coverage of losses from future profits | **0,00** | -2 505 594,77 |

**Note 5**
**Long-term liabilities – ageing**

| | 1. To related parties | 2. To related parties in which the company has invested capital | 3. To other parties, of which: | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | Total (a-e) | a) credits and loans | b) debt securities | c) other financial liabilities | d) promissory notes | e) other | |
| **Repayment period** | | | | | | | | | |
| up to 1 year | | | | | | | | | |
| beginning of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| end of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| from 1 to 3 years | | | | | | | | | |
| beginning of period | 0,00 | 0,00 | 85 894,40 | 0,00 | 0,00 | 85 894,40 | 0,00 | 0,00 | 85 894,40 |
| end of period | 0,00 | 0,00 | 411 172,28 | 0,00 | 0,00 | 411 172,28 | 0,00 | 0,00 | 411 172,28 |
| from 3 to 5 years | | | | | | | | | |
| beginning of period | 0,00 | 0,00 | 89 251,72 | 0,00 | 0,00 | 89 251,72 | 0,00 | 0,00 | 89 251,72 |
| end of period | 0,00 | 0,00 | 65 371,53 | 0,00 | 0,00 | 65 371,53 | 0,00 | 0,00 | 65 371,53 |
| more than 5 years | | | | | | | | | |
| beginning of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| end of period | 16 186 577,24 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 16 186 577,24 |
| **Razem** | | | | | | | | | |
| beginning of period | 0,00 | 0,00 | 175 146,12 | 0,00 | 0,00 | 175 146,12 | 0,00 | 0,00 | 175 146,12 |
| end of period | 16 186 577,24 | 0,00 | 476 543,81 | 0,00 | 0,00 | 476 543,81 | 0,00 | 0,00 | 16 663 121,05 |

**Note 6**
**Breakdown of balance sheet assets**

| Item | Gross amount in the financial year | Revaluation write downs | Gross amount in the previous year | Revaluation write downs |
|---|---|---|---|---|
| **1. Receivables from related parties** | 1 760 155,53 | 0,00 | 799 901,33 | 0,00 |
| a) long-term | 0,00 | 0,00 | 0,00 | 0,00 |
| – credits and loans | 0,00 | 0,00 | 0,00 | 0,00 |
| – security deposits | 0,00 | 0,00 | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 | 0,00 | 0,00 |
| – other receivables | 0,00 | 0,00 | 0,00 | 0,00 |
| b) short-term | 1 760 155,53 | 0,00 | 799 901,33 | 0,00 |
| – credits and loans | 0,00 | 0,00 | 0,00 | 0,00 |
| – security deposits | 0,00 | 0,00 | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 | 0,00 | 0,00 |
| – trade receivables with due dates: | 1 760 155,53 | 0,00 | 799 901,33 | 0,00 |
| – within 12 months | 1 760 155,53 | 0,00 | 799 901,33 | 0,00 |
| – in more than 12 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – other receivables | 0,00 | 0,00 | 0,00 | 0,00 |
| **2. Receivables from other parties in which the company has invested** | 0,00 | 0,00 | 0,00 | 0,00 |
| a) long-term | 0,00 | 0,00 | 0,00 | 0,00 |
| – credits and loans | 0,00 | 0,00 | 0,00 | 0,00 |
| – security deposits | 0,00 | 0,00 | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 | 0,00 | 0,00 |
| – inne należności | 0,00 | 0,00 | 0,00 | 0,00 |
| b) short-term | 0,00 | 0,00 | 0,00 | 0,00 |
| – credits and loans | 0,00 | 0,00 | 0,00 | 0,00 |
| – security deposits | 0,00 | 0,00 | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 | 0,00 | 0,00 |

| | | | | |
|---|---|---|---|---|
| - trade payables with due dates | 0,00 | 0,00 | 0,00 | 0,00 |
| – within 12 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – in more than 12 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – other receivables | 0,00 | 0,00 | 0,00 | 0,00 |
| **3. Receivables from other parties** | **3 506 914,08** | **598 186,17** | **2 830 374,55** | **399 113,02** |
| a) long-term | 0,00 | 0,00 | 0,00 | 0,00 |
| – credits and loans | 0,00 | 0,00 | 0,00 | 0,00 |
| – security deposits | 0,00 | 0,00 | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 | 0,00 | 0,00 |
| – other receivables | 0,00 | 0,00 | 0,00 | 0,00 |
| b) short-term | 3 506 914,08 | 598 186,17 | 2 830 374,55 | 399 113,02 |
| – credits and loans | 0,00 | 0,00 | 0,00 | 0,00 |
| – security deposits | 0,00 | 0,00 | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 | 0,00 | 0,00 |
| – trade payables with due dates: | 3 149 941,78 | 598 186,17 | 2 738 788,57 | 399 113,02 |
| – within 12 months | 3 149 941,78 | 598 186,17 | 2 738 788,57 | 399 113,02 |
| – in more than 12 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – tax, subsidy, customs, social and health insurance and other public | 337 336,13 | 0,00 | 69 039,18 | 0,00 |
| – other receivables | 19 636,17 | 0,00 | 22 546,80 | 0,00 |
| – receivables in court | 0,00 | 0,00 | 0,00 | 0,00 |

**Note7**

**Breakdown of balance sheet liabilities**

| **Breakdown** | **Amount in the Financial Year** | **Amount in Previous Year** |
|---|---|---|
| **1. Liabilities to related parties** | 18 401 618,83 | 14 469 800,51 |
| a) long-term | 16 186 577,24 | 0,00 |
| – credits and loans | 16 186 577,24 | 0,00 |
| – debt securities | 0,00 | 0,00 |
| – other financial liabilities | 0,00 | 0,00 |
| – promissory notes | 0,00 | 0,00 |
| – other | 0,00 | 0,00 |
| b) short-term | 2 215 041,59 | 14 469 800,51 |
| – credits and loans | 0,00 | 11 055 149,82 |
| – debt securities | 0,00 | 0,00 |
| – other financial liabilities | 0,00 | 0,00 |
| – promissory notes | 0,00 | 0,00 |
| – trade payables with due dates | 2 215 041,59 | 3 414 650,69 |
| – within 12 months | 2 215 041,59 | 3 414 650,69 |
| – in more than 12 months | 0,00 | 0,00 |
| – other | 0,00 | 0,00 |
| **2. Liabilities to other parties in which the company has invested capital** | **0,00** | **0,00** |
| a) long-term | 0,00 | 0,00 |
| – credits and loans | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 |
| – other financial liabilities | 0,00 | 0,00 |
| – promissory notes | 0,00 | 0,00 |
| – other | 0,00 | 0,00 |
| b) short-term | 0,00 | 0,00 |
| – credits and loans | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 |
| – other financial liabilities | 0,00 | 0,00 |
| – promissory notes | 0,00 | 0,00 |
| – trade payables with due dates | 0,00 | 0,00 |
| – within 12 months | 0,00 | 0,00 |
| – in more than 12 months | 0,00 | 0,00 |
| – other | 0,00 | 0,00 |
| **3. Liab+B38:B55ilities to other p+B38:B56arties** | **12 544 790,62** | **9 259 354,65** |
| a) long-term | 476 543,81 | 175 146,10 |
| – credits and loans | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 |
| – other financial liabilities | 476 543,81 | 175 146,10 |
| – promissory notes | 0,00 | 0,00 |
| – other | 0,00 | 0,00 |

| | | |
|---|---|---|
| b) short-term | 12 068 246,81 | 9 084 208,55 |
| – credits and loans | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 |
| – other financial liabilities | 128 083,30 | 39 765,84 |
| – trade payables with due dates | 6 277 563,26 | 4 196 038,13 |
| – within 12 months | 6 277 563,26 | 4 196 038,13 |
| – in more than 12 months | 0,00 | 0,00 |
| – advances received for deliveries | 4 360 562,26 | 3 787 018,77 |
| – promissory notes | 0,00 | 0,00 |
| – tax, subsidy, customs, social and health insurance and other public payables | 709 990,70 | 547 656,37 |
| – payroll | 591 782,65 | 513 396,88 |
| – other | 264,64 | 332,56 |

**Note 8**

**Contingent liabilities to other parties (by title)**

| | Nature and form of collateral for individual contingent liabilities | Indications of uncertainty as to the amount of payment date and as to the ability to obtain refunds | Liability in the financial year | Liability in the previous year | Information reflecting the link between a provision and a contingent liability, if such link exists. |
|---|---|---|---|---|---|
| lease agreement 89805 Prime Car Management S.A. (personal car) | | | | 14 723,12 | |
| lease agreement 91154 Prime Car Management S.A. (personal car) | | | | 19 956,33 | |
| lease agreement 91155 Prime Car Management S.A. (personal car) | | | | 19 956,33 | |
| lease agreement 91156 Prime Car Management S.A. (personal car) | | | | 19 956,33 | |
| **Total** | | | **0,00** | **74 592,10** | |

**Note 9**

**Provisions for doubtful debts**

| **Type of receivable** | **Changes in provisions during the financial year** | | | | |
|---|---|---|---|---|---|
| | **Opening balance** | **Increases** | **Use** | **Releases** | **Closing balance** |
| receivables write down WEISS A/S Denmark | 188 265,65 | 0,00 | 0,00 | 0,00 | 188 265,65 |
| receivables write down KM Sp. z o.o. | 40 000,00 | 40 684,01 | 0,00 | 0,00 | 80 684,01 |
| receivables write down BEHRENDT | 130 000,00 | 0,00 | 0,00 | 0,00 | 130 000,00 |
| receivables write down TMS | 40 847,37 | 0,00 | 0,00 | 0,00 | 40 847,37 |
| receivables write down IS SaveEnergy AG | 0,00 | 158 389,14 | 0,00 | 0,00 | 158 389,14 |

**Note 10**

**Settlement of main items differentiating income tax base from gross financial result (profit, loss) gross**

| | **01.04.2022 - 31.03.2023** | **01.04.2021 - 31.03.2022** |
|---|---|---|
| **Gross PROFIT/LOSS** | **-118 988,36** | **-1 643 156,83** |
| **Non-tax deductible costs** | **2 762 232,43** | **2 001 298,23** |
| – provision for doubtful debts | 199 073,15 | 40 847,37 |
| – inventory write-down | 294 618,99 | 0,00 |
| – unpaid wages and salaries | 2 242,33 | 5 270,70 |
| – unpaid ZUS premiums | 314 812,94 | 242 377,75 |
| – negative exchange differences from the balance sheet valuation | 0,00 | 43 540,93 |
| – interest to the budget | 1 027,00 | 0,00 |
| – interest payable | 289 085,00 | 132 577,48 |
| – contributions to PFRON | 256,00 | 0,00 |
| – provision for unused holidays | 134 550,75 | 53 528,04 |
| – membership fees | 0,00 | 1 854,22 |
| – representation | 71 577,01 | 51 964,91 |
| – other non-tax costs | 108 781,89 | 75 817,89 |
| – balance sheet depreciation | 1 346 207,37 | 1 353 518,94 |
| **Non-accounting taxable costs** | **1 022 851,30** | **970 986,78** |

| | 01.04.2022 - 31.03.2023 | 01.04.2021 - 31.03.2022 |
|---|---|---|
| – tax depreciation | 684 764,70 | 718 745,16 |
| – leasing fees | 90 438,15 | 23 341,65 |
| – paid previous year social insurance | 242 377,75 | 222 617,40 |
| – UCP remuneration paid, accrued in the previous year | 5 270,70 | 6 282,57 |
| **Non-taxable accounting revenue** | **463 406,01** | **987 984,56** |
| – loan write-off | 2 356,56 | 2 356,56 |
| – positive exchange differences from the balance sheet valuation | 0,00 | 0,00 |
| – accrued interest | 43 026,45 | 0,00 |
| – badwill write-off | 418 023,00 | 418 023,00 |
| – non-invoiced revenues from long-term contracts | 0,00 | 567 605,00 |
| **Non-accounting taxable revenue** | **567 605,00** | **0,00** |
| - long-term contracts (last year's revenue invoiced in the current year) | 567 605,00 | 0,00 |
| – interest on the loan for the current year | 0,00 | 0,00 |
| – the value of the write-off loan | 0,00 | 0,00 |
| **Deduction from income** | **-1 724 591,35** | **0,00** |
| – loss for 2017 not more than 50% | -155 421,35 | 0,00 |
| – loss for 2018 not more than 50% | -1 569 170,00 | 0,00 |
| **Tax base** | **0,00** | **-1 600 830,00** |
| **Current income tax, of which:** | **0,00** | **0,00** |
| – income tax on discontinued operations | 0,00 | 0,00 |
| **Tax deducted by payer from paid out dividend** | **0,00** | **0,00** |
| Change in deferred income tax assets | 325 424,00 | 173 949,00 |
| Change in provisions for deferred income tax | -129 717,00 | 38 837,00 |
| **Tax liability listed in the profit and loss account** | **-455 141,00** | **-135 112,00** |

**Note 11**

**Change in deferred income tax assets**

| | 01.04.2022-31.03.2023 | 01.04.2021-31.03.2022 |
|---|---|---|
| **1. Deferred income tax assets at beginning of period, of which:** | **1 360 589,00** | **1 186 640,00** |
| a) charged to financial result at net amount | 1 360 589,00 | 1 186 640,00 |
| – gross amount | 1 360 589,00 | 1 186 640,00 |
| b) charged to equity | 0,00 | 0,00 |
| c) charged to goodwill or negative goodwill | 0,00 | 0,00 |
| **2. Increases** | **1 686 013,00** | **1 360 589,00** |
| a) charged to financial result for the period in connection with negative temporary differences | 504 604,00 | 234 900,00 |
| – receivables write down | 113 655,00 | 75 831,00 |
| – provision for unused annual leave | 69 031,00 | 43 467,00 |
| – unrealized exchange differences | 0,00 | 7 989,00 |
| – unpaid remuneration | 426,00 | 1 001,00 |
| – accrued and unpaid interest | 90 821,00 | 25 190,00 |
| – inventory write-down | 55 978,00 | 0,00 |
| – unpaid social insurance | 59 814,00 | 46 052,00 |
| – lease liabilities | 114 879,00 | 35 370,00 |
| b) charged to financial result for the period in connection with tax loss (relating to) | 1 181 409,00 | 1 125 689,00 |
| – loss 2021 | 152 079,00 | 152 177,00 |
| – loss 2020 | 288 643,00 | 163 272,00 |
| – loss 2018/19 | 740 687,00 | 780 710,00 |
| – previous years losses | 0,00 | 29 530,00 |
| c) charged to equity in connection with negative temporary differences | 0,00 | 0,00 |
| d) charged to equity in connection with tax loss (relating to) | 0,00 | 0,00 |
| e) charged to goodwill or negative goodwill in connection with negative temporary differences | 0,00 | 0,00 |
| **3. Decreases** | **1 360 589,00** | **1 186 640,00** |
| a) charged to financial result for the period in connection with negative temporary differences (relating to) | 234 900,00 | 155 846,00 |
| – unpaid social insurance | 46 052,00 | 42 297,00 |
| – provision for unused annual leave | 43 467,00 | 33 296,00 |
| – provision for receivables | 75 831,00 | 68 070,00 |
| – unrealized exchange differences | 7 989,00 | 284,00 |

| | 01.04.2022-31.03.2023 | 01.04.2021-31.03.2022 |
|---|---|---|
| – unpaid remuneration | 1 001,00 | 1 194,00 |
| – lease liabilities | 35 370,00 | 0,00 |
| – accrued and unpaid interest | 25 190,00 | 10 705,00 |
| b) charged to financial result for the period in connection with tax loss (relating to) | 1 125 689,00 | 1 030 794,00 |
| – loss 2021 | 152 177,00 | 0,00 |
| – loss 2020 | 163 272,00 | 561 180,00 |
| – loss 2018/19 | 780 710,00 | 0,00 |
| – previous years losses | 29 530,00 | 469 614,00 |
| – write-downs on deferred income tax assets | 0,00 | 0,00 |
| c) charged to equity in connection with negative temporary differences (relating to) | 0,00 | 0,00 |
| d) charged to equity in connection with tax loss (relating to) | 0,00 | 0,00 |
| e) charged to goodwill or negative goodwill in connection with negative temporary differences (relating to) | 0,00 | 0,00 |
| **4. Total deferred income tax assets at end of period, of which:** | **1 686 013,00** | **1 360 589,00** |
| a) charged to financial result | 1 686 013,00 | 1 360 589,00 |
| – gross amount | 1 686 013,00 | 1 360 589,00 |
| b) charged to equity | 0,00 | 0,00 |
| c) charged to goodwill or negative goodwill | 0,00 | 0,00 |
| **5. Presumable value of deferred income tax assets associated with investments in subsidiary, co-subsidiary and associated entities, the calculation of which is not possible (points 16.8. and 16.12.KSR 2). In this case, information is also given about the value of temporary differences relating to these investments.** | **0,00** | **0,00** |
| **6. Reasons for which the company has not revalued its deferred income tax assets** | **0,00** | **0,00** |
| **7. Total amount of temporary differences relating to investments, for which no provisions for deferred income tax have been formed, of which:** | **0,00** | **0,00** |
| – in subordinated entities | 0,00 | 0,00 |
| – in branches | 0,00 | 0,00 |
| – in joint ventures | 0,00 | 0,00 |

**Note 12**

**Change in provision for deferred income tax**

| | 01.04.2022-31.03.2023 | 01.04.2021-31.03.2022 |
|---|---|---|
| **1. Provision for deferred income tax at beginning of period, of which:** | **2 695 251,00** | **2 656 414,00** |
| a) charged to financial result | -50 185,39 | -89 022,39 |
| b) charged to equity | 277 442,00 | 277 442,00 |
| c) charged to goodwill or negative goodwill | 2 467 994,39 | 2 467 994,39 |
| **2. Increases** | **78 088,00** | **153 813,00** |
| a) charged to financial result for the period due to positive temporary differences (relating to) | 78 088,00 | 153 813,00 |
| – exchange differences | 186,00 | 0,00 |
| – leased fixed assets | 77 902,00 | 45 968,00 |
| – non-invoiced revenues from long-term contracts | 0,00 | 107 845,00 |
| b)charged to equity due to positive temporary differences (relating to) | 0,00 | 0,00 |
| c) charged to goodwill or negative goodwill due to positive temporary differences (relating to) | 0,00 | 0,00 |
| **3. Decreases** | **207 805,00** | **114 976,00** |
| a) charged to financial result for the period due to positive temporary differences (relating to) | 207 805,00 | 114 976,00 |
| – difference in fixed asstes valuation for tax and balance sheet purpose | 99 960,00 | 114 976,00 |
| – ... | 107 845,00 | 0,00 |
| b) charged to equity due to positive temporary differences (relating to) | 0,00 | 0,00 |
| c) charged to goodwill or negative goodwill due to positive temporary differences (relating to) | 0,00 | 0,00 |
| **4. Total provision for deferred income tax at end of period, of which:** | **2 565 534,00** | **2 695 251,00** |
| a) charged to financial result | -179 902,39 | -50 185,39 |
| b) charged to equity | 277 442,00 | 277 442,00 |
| c) charged to goodwill or negative goodwill | 2 467 994,39 | 2 467 994,39 |
| **5. Presumable value of provisions for deferred income tax associated with investments in subsidiary, co-subsidiary and associated entities, the calculation of which is not possible (point 16.8. and 16.12. KSR 2). In this case, information is also given about the value of temporary differences relating to these investments.** | **0,00** | **0,00** |

**Note 13**

**Provisions**

| | Opening balance | Increases | Use | Releases | Closing balance |
|---|---|---|---|---|---|
| **1. For deferred income tax** | **2 695 251,00** | **78 088,00** | **0,00** | **207 805,00** | **2 565 534,00** |
| **2. For retirement and similar benefits, of which:** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** |
| a) long-term | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| b) short-term | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **3. Other provisions, of which:** | **290 213,87** | **374 260,61** | **121 441,68** | **0,00** | **543 032,80** |
| a) long-term | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| b) short-term | 290 213,87 | 374 260,61 | 121 441,68 | 0,00 | 543 032,80 |
| – unused annual leave | 228 772,19 | 134 550,75 | 0,00 | 0,00 | 363 322,94 |
| – accruals for not invoiced costs,audit,bonuses | 61 441,68 | 239 709,86 | 121 441,68 | 0,00 | 179 709,86 |
| **Total** | **2 985 464,87** | **452 348,61** | **121 441,68** | **207 805,00** | **3 108 566,80** |

**Note 14**

**Information about transactions with related parties**

| Transaction description | Company name | 01.04.2022 - 31.03.2023 | 01.04.2021 - 31.03.2022 |
|---|---|---|---|
| Sales of products | Boilerworks A/S | 0,00 | 31 685,90 |
| Sales of services | Boilerworks A/S | 0,00 | 448 444,90 |
| Sales of trading goods | Boilerworks A/S | 0,00 | 0,00 |
| **Total:** | | **0,00** | **480 130,80** |
| Sales of products | Danstoker A/S | 3 245 879,42 | 4 667 904,78 |
| Sales of services | Danstoker A/S | 2 933 398,76 | 1 935 622,03 |
| Sales of trading goods | Danstoker A/S | 0,00 | 430,00 |
| Sales of materials | Danstoker A/S | 128 442,27 | 29 567,97 |
| Loan repayment | Danstoker A/S | 0,00 | 1 000 000,00 |
| **Total:** | | **6 307 720,45** | **7 633 524,78** |
| Sales of services | Thermax | 0,00 | 0,00 |
| **Total:** | | **0,00** | **0,00** |
| Purchase of materials and fixed assets | Boilerworks A/S | 0,00 | 30 956,46 |
| Purchase of services | Boilerworks A/S | 0,00 | 0,00 |
| **Total:** | | **0,00** | **30 956,46** |
| Purchase of materials | Danstoker A/S | 3 141 621,90 | 3 013 307,24 |
| Purchase of services | Danstoker A/S | 51 806,84 | 101 526,65 |
| Recharge of costs - freight, guarantees | Danstoker A/S | 0,00 | 9 309,73 |
| Purchase of IT services and licences | Danstoker A/S | 286 934,66 | 215 697,24 |
| Purchase of fixed assets | Danstoker A/S | 63 180,76 | 39 906,68 |
| Loan and interests | Danstoker A/S | 5 131 427,42 | 2 632 577,48 |
| **Total:** | | **8 674 971,58** | **6 012 325,02** |
| Business development services | Thermax | 342 299,22 | 270 523,11 |
| **Total:** | | **342 299,22** | **270 523,11** |

**Note 15**

**Information about the entity preparing the consolidated financial statements at the highest level of the group in which the company is a subsidiary**

| Name and registered office | Location where the consolidated financial statements may be accessed |
|---|---|
| Thermax Ltd., Pune, India | Thermax Limited<br>D-13, MIDC Industrial Area, R D Aga Road, Chinchwad, Pune 411019;<br>www.thermaxglobal.com |

**Note 16**

**Information about the entity preparing the consolidated financial statements at the lowest level of the group in which the company is a subsidiary**

| Name and registered office | Location where the consolidated financial statements may be accessed |
|---|---|
| Thermax Denmark ApS, Herning, Denmark | Danstoker A/S Industrivej Nord 13<br>7400 Herning DENMARK; www.cvr.dk |

# DANSTOKER POLAND SP. ZO.O.

**Note 17**

**Exchange rates used to value financial statements items expressed in foreign currencies**

| Currency | Exchange rate for the reporting period | Exchange rate for the previous period |
|---|---|---|
| EUR | 4,6755 | 4,6525 |
| USD | 4,2934 | 4,1801 |
| GBP | 5,3107 | 5,4842 |
| DKK | 0,6277 | 0,6255 |

**Note 18**

**Breakdown of cash for the statement of cash flows**

| Item A.II.3. Interest and shares in profits (dividends) | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Interest on deposits in excess of 3 months | 0,00 | 0,00 |
| Interest on loans | 0,00 | 0,00 |
| Interest on credits | 0,00 | 0,00 |
| Dividends received and booked | 0,00 | 0,00 |
| Dividends paid and booked | 30 064,61 | 0,00 |
| Other interest | 289 085,00 | 133 866,86 |
| **Total interest** | **319 149,61** | **133 866,86** |

| Item A.II.5. Changes in cost provisions | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Provision for deferred income tax | 2 565 534,00 | 2 695 251,00 |
| Provision for retirement and similar benefits | 0,00 | 0,00 |
| Other provisions | 543 032,80 | 290 213,87 |
| **Total** | **3 108 566,80** | **2 985 464,87** |
| **Change in value** | **123 101,93** | **73 556,72** |

| Item A.II.6. Changes in inventory | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Total inventory | 14 813 653,50 | 10 327 892,60 |
| Purchase costs | 0,00 | 0,00 |
| Revaluation | 0,00 | 0,00 |
| **Total** | **14 813 653,50** | **10 327 892,60** |
| **Change in value, of which:** | **-4 485 760,90** | **-5 320 977,70** |
| Change in the value of a non-cash contribution received(-)/made(+) in the form of current assets (inventory) | - | - |

| Item A.II.7. Changes in receivables | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Long-term receivables | 0,00 | 0,00 |
| Short-term receivables from related parties | 1 760 155,53 | 799 901,33 |
| Short-term receivables from other parties in which the company has invested capital | 0,00 | 0,00 |
| Short-term receivables from other parties | 2 908 727,91 | 2 431 261,53 |
| **Total receivables** | **4 668 883,44** | **3 231 162,86** |
| **Change in receivables** | **-1 437 720,58** | **477 994,86** |

| Item A.II.8. Change in short-term liabilities, excluding credits and loans | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Short-term liabilities to related parties | 2 215 041,59 | 3 414 650,69 |
| Short-term liabilities to other parties in which the company has invested capital | 0,00 | 0,00 |
| Short-term liabilities to other parties | 11 940 163,51 | 9 044 442,71 |
| Special funds | 51 232,34 | 43 984,45 |
| **Total liabilities, of which:** | **14 206 437,44** | **12 503 077,85** |
| Liabilities relating to the purchase of tangible and intangible fixed assets | 63 180,76 | 0,00 |
| Liabilities relating to investments in real estate and intangibles | 0,00 | 0,00 |
| Other liabilities relating to investment activities | 0,00 | 0,00 |
| **Total liabilities relating to investment activities** | **63 180,76** | **0,00** |
| Liabilities relating to the purchase of treasury (own) shares | 0,00 | 0,00 |
| Liabilities relating to dividends and other payments to shareholders | 0,00 | 0,00 |
| Liabilities relating to the distribution of profit, other than payments to shareholders | 0,00 | 0,00 |
| Liabilities relating to debt securities | 0,00 | 0,00 |
| Other financial liabilities | 0,00 | 0,00 |
| Liabilities relating to finance lease agreements | 0,00 | 0,00 |
| Liabilities relating to credits and loans | 0,00 | 0,00 |
| **Total liabilities from financing activities** | **0,00** | **0,00** |
| **Liabilities relating to income tax charged directly to equity** | **0,00** | **0,00** |
| **Liabilities relating to operating activities** | **14 143 256,68** | **12 503 077,85** |
| **Change in liabilities** | **1 640 178,83** | **3 946 231,69** |

| **Item A.II.9. Change in prepayments and accruals** | **31.03.2023** | **31.03.2022** |
|---|---|---|
| Long-term prepayments | 1 686 013,00 | 1 360 589,00 |
| Short-term prepayments | 187 442,27 | 625 437,32 |
| **Total** | **1 873 455,27** | **1 986 026,32** |
| **1. Change in value** | **112 571,05** | **-727 389,59** |
| Negative goodwill | 8 673 978,26 | 9 092 001,26 |
| Long-term accruals | 0,00 | 0,00 |
| Short-term accruals | 9 622,24 | 11 978,80 |
| **Total** | **8 683 600,50** | **9 103 980,06** |
| **2.Change in value** | **-420 379,56** | **-420 379,56** |
| **Total change in prepayments and accruals (1+2)** | **-307 808,51** | **-1 147 769,15** |

| **Item A.II.10. Other adjustments** | **31.03.2023** | **31.03.2022** |
|---|---|---|
| Conversion of a trade payables into a long-term loan | 4 842 342,42 | 0,00 |
| **Total** | **4 842 342,42** | **0,00** |
| **Change in value** | **4 842 342,42** | **0,00** |

| **Item E. Net change in cash balances** | **31.03.2023** | **31.03.2022** |
|---|---|---|
| Cash in hand | 6 177,75 | 4 314,96 |
| Cash at bank | 2 542 759,67 | 429 533,33 |
| Bank deposits for up to 3 months | 0,00 | 0,00 |
| Cash equivalents, of which: | 0,00 | 0,00 |
| – checks | 0,00 | 0,00 |
| – promissory notes | 0,00 | 0,00 |
| – other | 0,00 | 0,00 |
| **Total cash and cash equivalents** | **2 548 937,42** | **433 848,29** |
| **Change in cash and cash equivalents** | **2 115 089,13** | **-610 036,33** |
| Balance sheet valuation of cash | -5 215,35 | -10 438,79 |
| **Change in cash relating to foreign exchange differences** | **-5 215,35** | **-10 438,79** |
| **Restricted cash** | **300 120,16** | **14 603,11** |

**Note 19**

**Nature and economic objective of concluded agreements not included in the balance sheet to the extent necessary to assess their effect on the company's financial position and financial result**

| Comments: | |
|---|---|
| Has not occurred | - |

**Note 20**

**Average employment in the financial year by occupational group**

| | **Average number of employees in the financial year** | **Average number of employees in the previous year** |
|---|---|---|
| **Total, of which:** | **112,49** | **107,66** |
| – white collar (in non-labor positions) | 32,20 | 40,92 |
| – blue collar (in labor positions) | 80,29 | 66,74 |
| – apprentices | 0,00 | 0,00 |
| – home-based workers | 0,00 | 0,00 |
| – employees on parental or unpaid leave | 0,00 | 0,00 |

**Note 21**

**Remuneration due or paid out to members of the company's management, supervisory and administrative organs for the financial year**

| Comments | |
|---|---|
| Has not occurred. Board Members do not receive remuneration. | |

**Note 22**

**Fee to certified auditor or entity authorized to audit financial statements, paid out or due for the financial year**

| Item | Date of agreement relating to the reporting period | Duration of agreement relating to the reporting period | 01.04.2022-31.03.2023 | 01.04.2021 - 31.03.2022 |
|---|---|---|---|---|
| Mandatory audit of financial statements | | | 43 937,40 | 31 000,00 |
| Other assurance services | | | 0,00 | 0,00 |
| Tax advisory service | | | 0,00 | 0,00 |
| Consolidated financial statements | | | 0,00 | 0,00 |
| Other services | | | 80 654,00 | 63 000,00 |
| **Total** | | | **124 591,40** | **94 000,00** |

**Note 23**

**Information about significant events that occurred after the balance sheet date and have not been included in the financial statements, and about their effect on the company's financial position and financial result**

| Significant subsequent events not included in the financial statements | Effect on the company's financial position and financial result |
|---|---|
| | |

Comments :

Has not occurred.

**Note 24**

**Threats to going concern**

| Item | Description |
|---|---|
| Confirmation of uncertainty with regard to going concern | NO |
| Description of uncertainties with regard to going concern | NO |
| Information about adjustments recognized in the financial statements in connection with uncertainty relating to going concern | NO |
| Description of actions undertaken or planned to eliminate uncertainty with regard to going concern | YES |

Remarks:

There is no threat of continuing operations. The company has guaranteed financing from the parent company.

In the financial year, the Company continued its efforts to optimize the customer portfolio, which translated into further improvement of the gross financial result. As at the balance sheet date, the value of the order portfolio amounted to PLN 28 million. The current orders and potential ones, which are being negotiated, will make it possible to eliminate losses caused by downtime in periods with a low level of orders and additional costs generated by the need to work overtime in periods with an excessive level of orders. At the end of the financial year, due to Russia's invasion of Ukraine, the Company recorded an increase in the prices of materials, mainly metallurgical materials. Currently, the Company notices stabilization on the steel market, and even the possibility of cheaper purchase of the raw material. Publications of the Central Statistical Office regarding the index of changes in prices of consumer goods put further pressure on wage growth. The nature of the Company's operations limits a sufficiently quick reaction in the form of an increase in product prices. The Company made a detailed analysis of the financial situation in the following years, taking into account the aforementioned negative factors. Based on this analysis, no threats to going concern were identified.

The company met its budget targets and recorded positive net result.The Company's activities are still financed through a loan from the sole shareholder Danstoker A/S. In the financial year, the Company converted trade liabilities into a loan in the amount of 4,852 tsd. PLN. The current agreement with the main shareholder amounts to 20,000 tsd. PLN.

**Note 25**

**Net revenue from the sale of goods for resale and finished products by type and territory**

| | 01.04.2022 - 31.03.2023 | | 01.04.2021 - 31.03.2022 | |
|---|---|---|---|---|
| | from related parties | from other parties | from related parties | from other parties |
| 1. Sale of services (by type) | 2 995 124,76 | 1 080 629,92 | 2 384 066,93 | 398 260,72 |
| – services | 2 995 124,76 | 1 080 629,92 | 2 384 066,93 | 398 260,72 |
| 2. Sale of raw materials (by type) | 128 442,27 | 214 124,87 | 24 039,00 | 282 055,03 |
| – materials | 128 442,27 | 214 124,87 | 24 039,00 | 282 055,03 |
| 3. Sale of goods for resale (by type) | 0,00 | 1 251 699,27 | 430,00 | 620 649,00 |
| – goods for resale | | 1 251 699,27 | 430,00 | 620 649,00 |
| 4. Sale of finished products or other services (by | 3 184 153,42 | 29 298 365,29 | 4 973 277,44 | 16 941 828,18 |
| – products | 3 184 153,42 | 29 298 365,29 | 4 973 277,44 | 16 941 828,18 |
| 5. Other sales revenue (by type) | 0,00 | 0,00 | 0,00 | 0,00 |
| **TOTAL** | **6 307 720,45** | **31 844 819,35** | **7 381 813,37** | **18 242 792,93** |
| of which: | | | | |

| | | | | |
|---|---|---|---|---|
| Sale to domestic customers | 23 613 775,93 | | 16 622 512,68 | |
| – finished products/services | 22 026 281,04 | | 15 695 769,65 | |
| – goods for resale | 1 251 699,27 | | 620 649,00 | |
| – materials | 335 795,62 | | 306 094,03 | |
| Export sales | 69 796,00 | | 349 093,57 | |
| – finished products/services | 69 796,00 | | 349 093,57 | |
| – goods for resale | 0,00 | | 0,00 | |
| EU sales | 14 468 967,87 | | 8 653 000,05 | |
| – finished products/services - to related parties | 6 072 990,28 | | 7 140 243,33 | |
| – finished products/services - to other parties | 8 389 206,07 | | 1 512 326,72 | |
| – materials - to related parties | 6 142,00 | | 0,00 | |
| – materials - to other parties | 629,52 | | 0,00 | |
| – goods for resale - to related parties | 0,00 | | 430,00 | |
| – goods for resale - to other parties | 0,00 | | 0,00 | |

**Note 26**

**Costs by nature and costs of producing goods for the entity's own needs**

| | 01.04.2022-31.03.2023 | 01.01.2021-31.03.2022 |
|---|---|---|
| **A. Cost of producing goods for the entity's own needs** | **0,00** | **68 669,61** |
| **B. Costs by nature** | **38 025 246,14** | **29 936 283,76** |
| 1. Depreciation | 1 346 207,37 | 1 353 518,94 |
| 2. Use of materials and energy | 18 816 384,60 | 13 874 304,82 |
| 3. Third party services | 6 034 339,04 | 5 218 186,40 |
| 4. Taxes and charges, of which: | 326 271,23 | 343 197,80 |
| – excise tax | 0,00 | 0,00 |
| 5. Wages and salaries | 9 140 025,93 | 7 173 400,94 |
| 6. Social insurance and other employee benefits, of which: 1 866 | 2 229 594,36 | 1 710 302,03 |
| – retirement | 829 057,68 | 638 136,84 |
| 7. Other costs by nature | 132 423,61 | 263 372,83 |
| **C. Cost of goods for resale and raw materials sold** | **961 690,18** | **425 072,09** |
| **Total** | **38 986 936,32** | **30 430 025,46** |

**Note 27**

**Other operating revenue**

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| **I. Released provisions (relating to)** | **381,30** | **0,00** |
| **II. Subsidies** | **0,00** | **0,00** |
| **III. Revaluation of non-financial assets** | **0,00** | **0,00** |
| **IV. Other, of which:** | **2 332 217,34** | **1 426 994,71** |
| **A. Released provisions (relating to)** | **418 023,00** | **418 023,00** |
| – badwill depreciation | 418 023,00 | 418 023,00 |
| **B. Others** | **1 914 194,34** | **1 008 971,71** |
| 1) inventory surplus | 1 828 524,37 | 920 244,69 |
| 2) WFOS loan cancellation | 2 356,56 | 2 356,56 |
| 3) disabled persons fund | 54 381,33 | 46 414,35 |
| 4) other revenues | 28 932,08 | 39 956,11 |
| **Other operating revenue** | **2 332 598,64** | **1 426 994,71** |

**Note 28**

**Other operating costs**

| | 01.04.2022-31.03.2023 | 01.04.2021-31.03.2022 |
|---|---|---|
| **I. Utworzone rezerwy (z tytułu)** | **0,00** | **0,00** |
| **II. Pozostałe, w tym:** | **2 114 996,44** | **1 151 779,69** |
| 1) receivables write-down | 199 073,15 | 40 847,37 |
| 2) inventory write-down | 91 132,35 | 0,00 |
| 3) inventory losses | 1 799 397,21 | 1 092 679,73 |
| 4) disposal costs of non-financial fixed assets | 0,00 | 5 456,74 |
| 5) other operating costs | 25 393,73 | 12 795,85 |
| **TOTAL other operating costs** | **2 114 996,44** | **1 151 779,69** |

# DANSTOKER POLAND SP. ZO.O.

**Note 29**

**Selected financial revenue**

| | 01.04.2022-31.03.2023 | 01.01.2021-31.03.2022 |
|---|---|---|
| **I. Total financial revenue from dividends and shares in profits** | **0,00** | **0,00** |
| a) from related parties, of which: | 0,00 | 0,00 |
| b) from other parties | 0,00 | 0,00 |
| **II. Total financial revenue from interest** | **0,00** | **0,00** |
| 1) on loans | 0,00 | 0,00 |
| a) from related parties, of which: | 0,00 | 0,00 |
| b) from other parties | 0,00 | 0,00 |
| 2) other interest | 0,00 | 0,00 |
| a) from related parties, of which: | 0,00 | 0,00 |
| b) from other parties | 0,00 | 0,00 |
| **III. Total other financial revenue** | **8 770,62** | **0,00** |
| 1) exchange differences | 8 770,62 | 0,00 |
| – realized foreign exchange gains | 207 746,93 | 0,00 |
| – unrealized foreign exchange gains | 32 551,55 | 0,00 |
| – realized foreign exchange losses | -242 002,76 | 0,00 |
| – unrealized foreign exchange losses | 10 474,90 | 0,00 |
| 2) released provisions (relating to) | 0,00 | 0,00 |
| 3) other, of which: | 0,00 | 0,00 |

**Note 30**

**Selected financial costs**

| | 01.04.2022-31.03.2023 | 01.01.2021-31.03.2022 |
|---|---|---|
| **I. Total financial interest costs** | **333 274,06** | **136 857,42** |
| 1) on credits and loans | 289 085,00 | 132 577,48 |
| a) to related parties, of which: | 289 085,00 | 132 577,48 |
| – to the holding company | 289 085,00 | 132 577,48 |
| b) to other parties | 0,00 | 0,00 |
| 2) other interest | 44 189,06 | 4 279,94 |
| a) to related parties, of which: | 0,00 | 0,00 |
| b) to other parties | 44 189,06 | 4 279,94 |
| **II. Inne koszty finansowe razem** | **0,00** | **122 400,96** |
| 1) exchange differences | 0,00 | 119 749,44 |
| – foreign exchange losses realized | 0,00 | 151 352,77 |
| – foreign exchange losses unrealized | 0,00 | 31 097,94 |
| – foreign exchange gains realized | 0,00 | -75 144,26 |
| – foreign exchange gains unrealized | 0,00 | 12 442,99 |
| 2) provisions (relating to) | 0,00 | 0,00 |
| 3) other, of which: | 0,00 | 2 651,52 |

**Note 31**

**Prepayments and accruals**

| | 01.04.2022-31.03.2023 | 01.01.2021-31.03.2022 |
|---|---|---|
| **Long-term prepaid expenses, of which:** | **1 686 013,00** | **1 360 589,00** |
| 1. Deferred income tax assets, of which: | 1 686 013,00 | 1 360 589,00 |
| – from tax losses, by date on which the right to deduct loss expires | 1 181 409,00 | 1 125 689,00 |
| – in the year 2026 | 152 080,00 | 152 177,00 |
| – in the year 2025 | 288 643,00 | 163 272,00 |
| – in the year 2024 | 270 205,00 | 106 819,00 |
| – in the year 2023 | 470 481,00 | 42 290,00 |
| – in the year 2022 | 0,00 | 661 131,00 |
| –from unaccounted tax exempt income and unaccounted tax base reductions | 0,00 | 0,00 |
| – from other negative temporary differences, of which among others (please list the greatest): | 504 604,00 | 234 900,00 |
| – unpaid social insurance | 59 814,00 | 46 052,00 |
| – provision for receivables | 113 655,00 | 75 831,00 |
| – inventory write-down | 55 978,00 | 0.00 |

| | 01.04.2022-31.03.2023 | 01.01.2021-31.03.2022 |
|---|---|---|
| – unpaid interests | 90 821,00 | 25 190,00 |
| – unrealized exchange differences | 0,00 | 7 989,00 |
| – leasing assets | 114 879,00 | 35 370,00 |
| – other ( unpoaid remuneration, provision for annual leave ) | 69 457,00 | 44 468,00 |
| 2. Total difference between the value of received financial assets and the liability due for them: | 0,00 | 0,00 |
| 3. Other | 0,00 | 0,00 |
| **Short-term prepayments, of which:** | **187 442,27** | **625 437,32** |
| 1. Personal and property insurance | 31 426,11 | 5 107,14 |
| 2. Software subscription | 153 290,50 | 49 505,73 |
| 3. Service costs prepaid | 1 535,38 | 2 061,82 |
| 4. Magazine subscriptions | 1 190,28 | 1 157,63 |
| 5. Surplus of estimated revenues over invoiced receivables for construction services | 0,00 | 567 605,00 |
| **Accruals, of which:** | **8 683 600,50** | **9 103 980,06** |
| 1. Negative goodwill | 8 673 978,26 | 9 092 001,26 |
| Opening balance | 9 092 001,26 | 9 510 024,26 |
| a) increases, of which: | 0,00 | 0,00 |
| b) decreases, of which: | 418 023,00 | 418 023,00 |
| – negative goodwill depreciation | 418 023,00 | 418 023,00 |
| 2. Other accruals, of which: | 9 622,24 | 11 978,80 |
| a) long-term, of which: | 0,00 | 0,00 |
| b) short-term, of which: | 9 622,24 | 11 978,80 |
| – loan cancellation WFOŚ | 9 622,24 | 11 978,80 |
| 3. Deferred income, of which: | 0,00 | 0,00 |
| a) long-term, of which: | 0,00 | 0,00 |
| b) short-term, of which: | 0,00 | 0,00 |
| 4. Accruals for construction contracts | 0,00 | 0,00 |

**Note 32**

**Changes in tangible fixed assets**

| | Freehold land | Land in perpetual usufruct | Buildings and constructions and separate strata title premises and rights to | Plant and equipment | Vehicles | Other fixed assets | Total |
|---|---|---|---|---|---|---|---|
| **Gross opening balance** | **1 568 581,55** | **0,00** | **20 918 540,19** | **5 300 188,92** | **508 739,02** | **343 348,37** | **28 639 398,05** |
| Increases, of which: | 0,00 | 0,00 | 0,00 | 112 226,85 | 485 528,44 | 114 466,21 | 712 221,50 |
| – acquisition | 0,00 | 0,00 | 0,00 | 0,00 | 485 528,44 | 0,00 | 485 528,44 |
| – internal transfer | 0,00 | 0,00 | 0,00 | 112 226,85 | 0,00 | 114 466,21 | 226 693,06 |
| – other | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Decreases, of which: | 0,00 | 0,00 | 0,00 | 8 031,90 | 0,00 | 0,00 | 8 031,90 |
| – liquidation | 0,00 | 0,00 | 0,00 | 8 031,90 | 0,00 | 0,00 | 8 031,90 |
| – revaluation | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – disposal | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – internal transfer | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – other | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Gross closing balance** | **1 568 581,55** | **0,00** | **20 918 540,19** | **5 404 383,87** | **994 267,46** | **457 814,58** | **29 343 587,65** |
| **Accumulated depreciation at beginning of period** | **0,00** | **0,00** | **2 943 454,63** | **3 027 763,65** | **234 338,13** | **290 959,28** | **6 496 515,69** |
| Current depreciation – increases | 0,00 | 0,00 | 599 962,54 | 619 676,71 | 107 538,23 | 19 029,89 | 1 346 207,37 |
| Decreases, of which: | 0,00 | 0,00 | 0,00 | 8 031,90 | 0,00 | 0,00 | 8 031,90 |
| – liquidation | 0,00 | 0,00 | 0,00 | 8 031,90 | 0,00 | 0,00 | 8 031,90 |
| – disposal | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – internal transfer | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – other | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Accumulated depreciation at end of period** | **0,00** | **0,00** | **3 543 417,17** | **3 639 408,46** | **341 876,36** | **309 989,17** | **7 834 691,16** |
| **Permanent impairment at beginning of period** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** |
| Increases | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Decreases | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |

| | Freehold land | Land in perpetual usufruct | Buildings and constructions and separate strata title premises and rights to | Plant and equipment | Vehicles | Other fixed assets | Total |
|---|---|---|---|---|---|---|---|
| **Permanent impairment at end of period** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** |
| **Net book value at beginning of period** | **1 568 581,55** | **0,00** | **17 975 085,56** | **2 272 425,27** | **274 400,89** | **52 389,09** | **22 142 882,36** |
| **Net book value at end of period** | **1 568 581,55** | **0,00** | **17 375 123,02** | **1 764 975,41** | **652 391,10** | **147 825,41** | **21 508 896,49** |
| Percent used up from opening value (%) | 0,00 | 0,00 | 0,17 | 0,67 | 0,34 | 0,68 | 0,27 |

**Note 33**

**Expenses for non-financial fixed assets incurred in the financial year and planned for the coming year**

| **List by planned contractual repayment period** | **01.04.2022-31.03.2023** | **01.01.2021-31.03.2022** |
|---|---|---|
| **Costs incurred in period,of which:** | **683 585,00** | **377 399.70** |
| Acquisition of intangible fixed assets | 0,00 | 0,00 |
| Acquisition of fixed assets, of which: | 683 585,00 | 377 399.70 |
| – for environmental protection | 0,00 | 0,00 |
| Fixed assets under construction, of which: | 0,00 | 0,00 |
| – for environmental protection | 0,00 | 0,00 |
| Investments in real estate and rights | 0,00 | 0,00 |
| **Costs planned in next period, of which:** | **4 600 000,00** | **0,00** |
| Acquisition of intangible fixed assets | 0,00 | 0,00 |
| Acquisition of fixed assets, of which: | 4 600 000,00 | 0,00 |
| – for environmental protection | 0,00 | 0,00 |
| Fixed assets under construction, of which: | 0,00 | 0,00 |
| – for environmental protection | 0,00 | 0,00 |
| Investments in real estate and rights | 0,00 | 0,00 |

**Note 34**

**Inventory**

| | **31.03.2023** | **31.03.2022** |
|---|---|---|
| Raw materials | 8 584 386,46 | 4 746 270,10 |
| Semi-finished products and work in progress | 5 858 168,65 | 5 200 635,58 |
| Finished products | 368 069,92 | 203 293,59 |
| Goods for resale | 2 454,99 | 4 924,40 |
| Advances for deliveries | 573,48 | 172 768,93 |
| **Total** | **14 813 653,50** | **10 327 892,60** |

**Note 35**

**Finance leases at the lessee**

| Items | **The present value of the lease payments payable in the following periods** | | | |
|---|---|---|---|---|
| | **up to 1 year** | **from 1 to 3 years** | **from 3 to 5 years** | **over 5 years** |
| Car Volkswagen Arteon SK073VV | 31 655,58 | 67 845,67 | 31 980,72 | 0,00 |
| Scissor lift JCB S2632E | 10 194,74 | 22 551,45 | 10 917,96 | 0,00 |
| Car Skoda Octavia SK810WX | 16 131,21 | 88 141,64 | 0,00 | 0,00 |
| Car Skoda Octavia SK811WX | 16 131,21 | 88 141,64 | 0,00 | 0,00 |
| Car Skoda Octavia SK812WX | 16 131,21 | 88 141,64 | 0,00 | 0,00 |
| Car Skoda Octavia TK931CH | 37 839,36 | 56 350,25 | 22 472,85 | 0,00 |

**Note 36**

**Ownership of tangible fixed ssets**

| | Freehold land | Land in perpetual usufruct | Buildings and constructions and separate strata title premises and rights to premises | Plant and equipment | Vehicles | Other fixed assets | Total |
|---|---|---|---|---|---|---|---|
| Tangible fixed assets owned | 1 568 581,55 | 0,00 | 20 918 540,19 | 5 344 883,87 | 447 682,11 | 457 814,58 | 28 737 502,30 |
| Tangible fixed assets used on the basis of rental, tenancy or other agreements, including lease agreements | 0,00 | 0,00 | 0,00 | 59 500,00 | 546 585,35 | 0,00 | 606 085,35 |
| used based on rental agreements | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| used based on tenancy agreements | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| used based on lease agreements | 0,00 | 0,00 | 0,00 | 59 500,00 | 546 585,35 | 0,00 | 606 085,35 |
| used based on other agreements (specify) | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Total tangible fixed assets** | **1 568 581,55** | **0,00** | **20 918 540,19** | **5 404 383,87** | **994 267,46** | **457 814,58** | **29 343 587,65** |

**Note 37**

**Ageing of short-term receivables**

| | Gross short-term receivables | of which: disputed receivables | Provision for doubtful debts | Net short-term receivables |
|---|---|---|---|---|
| **1. Receivables from related parties** | **1 760 155,53** | **0,00** | **0,00** | **1 760 155,53** |
| **a) trade receivables due within 12 months** | **1 760 155,53** | **0,00** | **0,00** | **1 760 155,53** |
| Opening balance | 799 901,33 | 0,00 | 0,00 | 799 901,33 |
| Closing balance, of which: | 1 760 155,53 | 0,00 | 0,00 | 1 760 155,53 |
| – current | 827 445,53 | 0,00 | 0,00 | 827 445,53 |
| – overdue by 1 month or less | 932 710,00 | 0,00 | 0,00 | 932 710,00 |
| – overdue by 1 to 3 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 3 to 6 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 6 months to 1 year | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by more than 1 year | 0,00 | 0,00 | 0,00 | 0,00 |
| **b) trade receivables due in more than 12 months** | **0,00** | **0,00** | **0,00** | **0,00** |
| Opening balance | 0,00 | 0,00 | 0,00 | 0,00 |
| Closing balance, of which: | 0,00 | 0,00 | 0,00 | 0,00 |
| **c) inne** | **0,00** | **0,00** | **0,00** | **0,00** |
| Opening balance | 0,00 | 0,00 | 0,00 | 0,00 |
| Closing balance, of which: | 0,00 | 0,00 | 0,00 | 0,00 |
| **2. Receivables from other parties** | **3 506 914,08** | **0,00** | **598 186,17** | **2 908 727,91** |
| **a) trade receivables due within 12 months** | **3 149 941,78** | **0,00** | **598 186,17** | **2 551 755,61** |
| Opening balance | 2 738 788,57 | 0,00 | 399 113,02 | 2 339 675,55 |
| Closing balance, of which: | 3 149 941,78 | 0,00 | 598 186,17 | 2 551 755,61 |
| – current | 883 696,63 | 0,00 | 0,00 | 883 696,63 |
| – overdue by 1 month or less | 483 642,54 | 0,00 | 0,00 | 483 642,54 |
| – overdue by 1 to 3 months | 886 559,13 | 0,00 | 0,00 | 886 559,13 |
| – overdue by 3 to 6 months | 52 393,92 | 0,00 | 0,00 | 52 393,92 |
| – overdue by 6 months to 1 year | 12 231,59 | 0,00 | 0,00 | 12 231,59 |
| – overdue by more than 1 year | 831 417,97 | 0,00 | 598 186,17 | 233 231,80 |
| **b) trade receivables due in more than 12 months** | **0,00** | **0,00** | **0,00** | **0,00** |
| Opening balance | 0,00 | 0,00 | 0,00 | 0,00 |
| Closing balance, of which: | 0,00 | 0,00 | 0,00 | 0,00 |
| **c) tax, subsidy and social insurance receivables** | **337 336,13** | **0,00** | **0,00** | **337 336,13** |
| Opening balance | 69 039,18 | 0,00 | 0,00 | 69 039,18 |
| Closing balance, of which: | 337 336,13 | 0,00 | 0,00 | 337 336,13 |
| – current | 337 336,13 | 0,00 | 0,00 | 337 336,13 |
| – overdue by 1 month or less | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 1 to 3 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 3 to 6 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 6 months to 1 year | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by more than 1 year | 0,00 | 0,00 | 0,00 | 0,00 |

| | Gross short-term receivables | of which: disputed receivables | Provision for doubtful debts | Net short-term receivables |
|---|---|---|---|---|
| **d) other receivables** | **19 636,17** | **0,00** | **0,00** | **19 636,17** |
| Opening balance | 22 546,80 | 0,00 | 0,00 | 22 546,80 |
| Closing balance, of which: | 19 636,17 | 0,00 | 0,00 | 19 636,17 |
| – current | 19 636,17 | 0,00 | 0,00 | 19 636,17 |
| – overdue by 1 month or less | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 1 to 3 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 3 to 6 months | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by 6 months to 1 year | 0,00 | 0,00 | 0,00 | 0,00 |
| – overdue by more than 1 year | 0,00 | 0,00 | 0,00 | 0,00 |
| **e) receivables in court** | **0,00** | **0,00** | **0,00** | **0,00** |
| Opening balance | 0,00 | 0,00 | 0,00 | 0,00 |
| Closing balance, of which: | 0,00 | 0,00 | 0,00 | 0,00 |

**Note 38**

**Short-term receivables from related parties (ownership structure)**

| | Gross short-term receivables | Provision for doubtful debts | Net short-term receivables |
|---|---|---|---|
| **1. Trade receivables, of which from:** | **1 760 155,53** | **0,00** | **1 760 155,53** |
| a) subsidiary companies | 0,00 | 0,00 | 0,00 |
| b) co-subsidiary companies | 0,00 | 0,00 | 0,00 |
| c) associated companies | 0,00 | 0,00 | 0,00 |
| d) significant investor | 0,00 | 0,00 | 0,00 |
| e) co-subsidiary's shareholder | 0,00 | 0,00 | 0,00 |
| f) holding company | 1 760 155,53 | 0,00 | 1 760 155,53 |
| **2. Other, of which from:** | **0,00** | **0,00** | **0,00** |
| a) subsidiary companies | 0,00 | 0,00 | 0,00 |
| b) co-subsidiary companies | 0,00 | 0,00 | 0,00 |
| c) associated companies | 0,00 | 0,00 | 0,00 |
| d) significant investor | 0,00 | 0,00 | 0,00 |
| e) co-subsidiary's shareholder | 0,00 | 0,00 | 0,00 |
| f) holding company | 0,00 | 0,00 | 0,00 |
| **3. In court, of which from:** | **0,00** | **0,00** | **0,00** |
| a) subsidiary companies | 0,00 | 0,00 | 0,00 |
| b) co-subsidiary companies | 0,00 | 0,00 | 0,00 |
| c) associated companies | 0,00 | 0,00 | 0,00 |
| d) significant investor | 0,00 | 0,00 | 0,00 |
| e) co-subsidiary's shareholder | 0,00 | 0,00 | 0,00 |
| f) holding company | 0,00 | 0,00 | 0,00 |
| **Total short-term receivables from related parties** | **1 760 155,53** | **0,00** | **1 760 155,53** |

**Note 39**

**Short-term receivables (currency structure)**

| | in PLN | in Euro | Translated into PLN | in DKK | Translated into PLN | otal short- term receivables in PLN |
|---|---|---|---|---|---|---|
| **1. From related parties, of which from:** | **1 760 155,53** | **0,00** | **0,00** | **0,00** | **0,00** | **1 760 155,53** |
| subsidiaries relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| co-subsidiary companies | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| sales of products and services | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| associates relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| significant investor relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| co-subsidiary's shareholder relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| holding company relating to: | 1 760 155,53 | 0,00 | 0,00 | 0,00 | 0,00 | 1 760 155,53 |
| sales of products and services | 1 760 155,53 | 0,00 | 0,00 | 0,00 | 0,00 | 1 760 155,53 |
| **2. From other parties relating to:** | **768 848,77** | **541 517,13** | **2 531 863,34** | **328 504,02** | **206 201,97** | **3 506 914,08** |
| sales of products and services | 411 876,47 | 541 517,13 | 2 531 863,34 | 328 504,02 | 206 201,97 | 3 149 941,78 |
| public-law liabilities | 337 336,13 | 0,00 | 0,00 | 0,00 | 0,00 | 337 336,13 |
| other | 19 636,17 | 0,00 | 0,00 | 0,00 | 0,00 | 19 636,17 |

**Note 40**

**Long-term liabilities to the holding company – ageing**

| | Credits and loans | Securities | Other financial liabilities | Finance leases | Other | Total |
|---|---|---|---|---|---|---|
| from 1 to 3 years | | | | | | |
| beginning of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| end of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| from 3 to 5 years | | | | | | |
| beginning of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| end of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| more than 5 years | | | | | | |
| beginning of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| end of period | 16 186 577,24 | 0,00 | 0,00 | 0,00 | 0,00 | 16 186 577,24 |
| **Total** | | | | | | |
| beginning of period | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| end of period | 16 186 577,24 | 0,00 | 0,00 | 0,00 | 0,00 | 16 186 577,24 |

**Note 41**

**Long-term liabilities (currency structure)**

| | in PLN | in Eur | Translated into PLN | Total long-term liabilities in PLN |
|---|---|---|---|---|
| **1. To related parties, of which to:** | **16 186 577,24** | **0,00** | **0,00** | **16 186 577,24** |
| subsidiaries relating to: | 0,00 | 0,00 | 0,00 | 0,00 |
| co-subsidiaries relating to: | 0,00 | 0,00 | 0,00 | 0,00 |
| associates relating to: | 0,00 | 0,00 | 0,00 | 0,00 |
| significant investor relating to: | 0,00 | 0,00 | 0,00 | 0,00 |
| co-subsidiary's shareholder relating to: | 0,00 | 0,00 | 0,00 | 0,00 |
| holding company relating to: | 16 186 577,24 | 0,00 | 0,00 | 16 186 577,24 |
| - loan | 16 186 577,24 | 0,00 | 0,00 | 16 186 577,24 |
| **To other parties relating to:** | **476 543,81** | **0,00** | **0,00** | **476 543,81** |
| leasing liabilities | 476 543,81 | 0,00 | 0,00 | 476 543,81 |

**Note 42**

**Short-term liabilities to holding company**

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| **1. Credits and loans, of which:** | **0,00** | **11 055 149,82** |
| – with a long-term repayment period | 0,00 | 11 055 149,82 |
| – debt securities | 0,00 | 0,00 |
| – dividends | 0,00 | 0,00 |
| **2. Other financial liabilities, of which:** | **0,00** | **0,00** |
| **3. Trade payables, with due dates:** | **569 508,72** | **2 028 598,39** |
| – within 12 months | 569 508,72 | 2 028 598,39 |
| – in more than 12 months | 0,00 | 0,00 |
| **4. Advances received on deliveries** | **0,00** | **0,00** |
| **5. Promissory notes** | **0,00** | **0,00** |
| **Total** | **569 508,72** | **13 083 748,21** |

**Note 43**

**Short-term liabilities to other companies**

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| **1. Credits and loans, of which:** | **0,00** | **0,00** |
| – with a long-term repayment period | 0,00 | 0,00 |
| – debt securities | 0,00 | 0,00 |
| – dividends | 0,00 | 0,00 |
| **2. Other financial liabilities, of which:** | **128 083,30** | **39 765,84** |
| – leasing liabilities | 128 083,30 | 39 765,84 |
| **3. Trade payables, with due dates:** | **6 277 563,26** | **4 196 038,13** |
| – within 12 months | 6 277 563,26 | 4 196 038,13 |
| – in more than 12 months | 0,00 | 0,00 |
| **4. Advances received on deliveries** | **4 360 562,26** | **3 787 018,77** |
| **5. Due to taxes, customs and social security** | **709 990,70** | **547 656,37** |
| **6. Promissory notes** | **0,00** | **0,00** |
| **7. Liabilities to employees due to salaries** | **591 782,65** | **513 396,88** |
| **8. Other** | **264,64** | **332,56** |
| **Total** | **12 068 246,81** | **9 084 208,55** |

# DANSTOKER POLAND SP. ZO.O.

**Note 44**

**Short-term liabilities (currency structure)**

| | in PLN | in EUR | Translated into PLN | in USD | Translated into PLN | in DKK | Translated into PLN | Total short-term liabilities in PLN |
|---|---|---|---|---|---|---|---|---|
| **1. To related parties, of which to:** | **569 508,72** | **351 948,00** | **1 645 532,87** | **0,00** | **0,00** | **0,00** | **0,00** | **2 215 041,59** |
| subsidiaries relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| co-subsidiaries relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| trade payables | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | | 0,00 |
| associates relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| significant investor relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| co-subsidiary's shareholder relating to: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| holding company relating to: | 569 508,72 | 351 948,00 | 1 645 532,87 | 0,00 | 0,00 | 0,00 | 0,00 | 2 215 041,59 |
| loans | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| trade payables | 569 508,72 | 351 948,00 | 1 645 532,87 | 0,00 | 0,00 | 0,00 | 0,00 | 2 215 041,59 |
| **2. To other parties relating to:** | **5 844 448,33** | **1 327 380,97** | **6 221 915,38** | **0,00** | **0,00** | **3 000,00** | **1 883,10** | **12 068 246,81** |
| leasing liabilities | 128 083,30 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 128 083,30 |
| trade payables | 3 170 606,36 | 664 115,88 | 3 105 073,80 | 0,00 | 0,00 | 3 000,00 | 1 883,10 | 6 277 563,26 |
| advances received on deliveries | 1 243 720,68 | 663 265,09 | 3 116 841,58 | 0,00 | 0,00 | 0,00 | 0,00 | 4 360 562,26 |
| taxes and social security | 709 990,70 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 709 990,70 |
| salaries | 591 782,65 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 591 782,65 |
| other liabilities | 264,64 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 264,64 |

**Note 45**

**Short-term liabilities relating to credits and loans**

| Company name | Registered officei | Loan amount according to the agreement in currency | Loan amount according to the agreement in PLN | Loan amount to pay in currency | Loan amount to pay in PLN | Interest conditions | Due date | Loan security | Other information, including information on defaults on a loan or breach of loan agreement, for which no remedial action has been taken by the end of the reporting |
|---|---|---|---|---|---|---|---|---|---|
| Danstoker A/S | Industrivej Nord 13, 7400 Herning, Denmark | 20 000 000,00 | 20 000 000,00 | 16 186 577,24 | 16 186 577,24 | WIBOR 3M + margin 1,25 p.p. | 22.02.2033 | there are none | does not concern |
| **Total** | | **20 000 000,00** | **20 000 000,00** | **16 186 577,24** | **16 186 577,24** | | | | |

**Note 46**

**Changes in intangible fixed assets**

| | Costs of completed research and development | Goodwill | Copy rights, neighboring rights, licenses and permits | Rights to inventions, patents, trademarks, utility models and designs | Computer software | Other, including know-how | Total |
|---|---|---|---|---|---|---|---|
| **Gross opening balance** | **0,00** | **0,00** | **0,00** | **0,00** | **4 923,00** | **0,00** | **4 923,00** |
| Increases, of which: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – acquisition | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – internal transfer | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – other | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Decreases | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – liquidation | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – disposal | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – internal transfer | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – other | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Gross closing balance** | **0,00** | **0,00** | **0,00** | **0,00** | **4 923,00** | **0,00** | **4 923,00** |
| **Accumulated amortization at beginning of period** | **0,00** | **0,00** | **0,00** | **0,00** | **4 923,00** | **0,00** | **4 923,00** |
| Current amortization – increases | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Accumulated amortization – decreases | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |

| | Costs of completed research and development | Goodwill | Copy rights, neighboring rights, licenses and permits | Rights to inventions, patents, trademarks, utility models and designs | Computer software | Other, including know-how | Total |
|---|---|---|---|---|---|---|---|
| – liquidation | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – disposal | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – internal transfer | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – other | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Total accumulated amortization at end of period** | **0,00** | **0,00** | **0,00** | **0,00** | **4 923,00** | **0,00** | **4 923,00** |
| **Permanent impairment at beginning of period** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** |
| Increases | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Decreases | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| **Permanent impairment at end of period** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** |
| **Net book value at beginning of period** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** |
| **Net book value at end of period** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** |
| Percent used up from opening value (%) | 0% | 0% | 0% | 0% | 100% | 0% | 100% |

**Note 47**

**Cost of fixed assets under construction, including interest and foreign exchange differences that increase the cost of fixed assets under construction**

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Cost of fixed assets under construction excluding interest and foreign exchange differences | **4 593,50** | 33 230,00 |
| **Interest in the financial year increasing the cost of fixed assets under construction** | **0,00** | **0,00** |
| **Foreign exchange differences in the financial year increasing the cost of fixed assets under construction** | **0,00** | **0,00** |
| **Total** | **4 593,50** | **33 230,00** |

**Note 48**

**Special funds**

| Item | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Social fund | 51 232,34 | 43 984,45 |
| Company fund for the rehabilitation of the disabled | 0,00 | 0,00 |
| Housing cooperative repair and renovation fund | 0,00 | 0,00 |
| **Razem** | **51 232,34** | **43 984,45** |

**Note 49**
**Cost settlement data**

| | 01.04.2022 - 31.03.2023 | 01.04.2021 - 31.03.2022 |
|---|---|---|
| **I. Changes in settled costs +/-** | **588 259,85** | **3 030 790,96** |
| 1. Relating to inventory differences | 0,00 | 68 669,61 |
| 2. Written off discontinued production | 0,00 | 0,00 |
| 3. Write off of costs with no economic effect | 588 259,85 | 2 962 106,35 |
| 4. Other | 0,00 | 15,00 |
| **II. Change in inventory, finished products and accrued costs +/-** | **822 309,40** | **3 008 951,47** |
| 1. Finished products | 164 776,33 | -277 393,13 |
| 2. Semi-finished products and work in progress | 657 533,07 | 3 286 344,60 |
| 3. Accrued costs | 0,00 | 0,00 |
| **III. Cost of goods sold** | **36 614 676,89** | **23 965 210,94** |
| – cost of finished products sold | 28 380 228,14 | 17 062 666,47 |
| – cost of producing goods for the entity's own needs | 0,00 | 68 669,61 |
| – sales costs | 2 405 657,02 | 1 875 484,43 |
| – general administrative costs | 5 828 791,73 | 4 958 390,43 |
| **IV. Cost of goods for resale and raw materials sold** | **961 690,18** | **425 072,09** |

**Note 50**
**Accumulated profit (loss) from previous years**

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| **Accumulated profit (loss) from previous years at beginning of period** | **-13 704 497,28** | **-13 704 497,28** |
| **Accumulated profit from previous years at beginning of period** | 0,00 | 0,00 |
| – changes in accounting methods (policies) | 0,00 | 0,00 |
| – adjustments of errors | 0,00 | 0,00 |
| **Adjusted accumulated profit from previous years at beginning of period** | 0,00 | 0,00 |

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| a) increases (relating to) | 0,00 | 0,00 |
| b) decreases (relating to) | 0,00 | 0,00 |
| **Accumulated profit from previous years at end of period** | 0,00 | 0,00 |
| **Accumulated loss from previous years at beginning of period** | **13 704 497,28** | **13 704 497,28** |
| – changes in accounting methods (policies) | 0,00 | 0,00 |
| – adjustments of errors | 0,00 | 0,00 |
| **Adjusted accumulated loss from previous years at beginning of period** | **13 704 497,28** | **13 704 497,28** |
| a) increases (relating to) | 1 508 044,83 | 0,00 |
| – transfer of loss from previous years to be covered | 1 508 044,83 | 0,00 |
| – reducing the share capital: loss on the sale of own shares not covered by supplementary capital | 0,00 | 0,00 |
| – ... | 0,00 | 0,00 |
| b) decreases (relating to) | 0,00 | 0,00 |
| – coverage of loss from previous years from profit | 0,00 | 0,00 |
| – coverage of loss from previous years from capital: spare and reserve | 0,00 | 0,00 |
| – covering the loss from previous years from the reduction of share capital | 0,00 | 0,00 |
| – covering the loss from previous years from additional payments from partners | 0,00 | 0,00 |
| – ... | 0,00 | 0,00 |
| **Accumulated loss from previous years at end of period** | **15 212 542,11** | **13 704 497,28** |
| **Accumulated profit (loss) from previous years at end of period** | **-15 212 542,11** | **-13 704 497,28** |

**Note 51**
**Changes in reserve capital**

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| **Opening balance** | **17 055 000,00** | **17 055 000,00** |
| **increases (relating to)** | **0,00** | **0,00** |
| – share premium | 0,00 | 0,00 |
| **use (relating to)** | **0,00** | **0,00** |
| **Closing balance** | **17 055 000,00** | **17 055 000,00** |

**Note 52**
**Numerical information, together with explanations, ensuring comparability of data in the financial statement or the previous year with the report for the current financial year**

| Financial statements' position | Data for previous year | Values making the data of the financial statements for the previous year comparable with the data of the current year | Data comparable to the previous year |
|---|---|---|---|
| A. EQUITY | | | |
| I. Share capital | 450 000,00 | -445 000,00 | 5 000,00 |
| A. EQUITY | | 0,00 | 0,00 |
| IV. Other reserves, of which: | 0,00 | 445 000,00 | 445 000,00 |
| | | | |
| Comment: | | | |
| The amount of 445 tsd. PLN is related to unregistered equity value in National Court Register | | | |

**Note 53**

**Financial risk factors and the management of financial risk**

Targets and principles of financial risk management

The activities of the Entity are exposed to the following types of financial risk:

– market risk, including currency risk, interest rate risk and other price risk,

– liquidity loss risk,

– credit risk.

**The main principles of risk management**

The Management Board is responsible for establishing and supervising the Company's risk management, including the identification and analysis of the risks to which the Company is exposed, the determination of appropriate limits and controls, as well as the monitoring of risk and compliance with limits. Risk management policies and procedures are reviewed on a regular basis to reflect changes in market conditions and changes in the Company's operations.

**Market risk**

Market risk consists in the fact that changes in rates/prices, such as exchange rates, interest rates, prices of equity instruments, will affect the Company's results or the value of its financial instruments. The objective of market risk management is to maintain and control the Company's exposure to market risk within the limits of the adopted parameters, while striving to optimize the rate of return on investment.

**a) Currency risk**

Currency risk is mainly related to changes in the EUR exchange rate. Exposure to the risk related to changes in exchange rates is significant for the entity due to a significant share of purchases in foreign currencies and a large share of sales revenues denominated in foreign currencies. The Company does not hedge itself against exchange rate risk and exchange rate fluctuations. Settlements with Group companies are made in the Polish currency. Settlements with companies in a foreign currency, after reaching a significant level, will be secured with forward transactions.

**b) Interest rate risk**

The entity has liabilities due to loans and borrowings for which interest is calculated on the basis of a variable interest rate. This is a form of the so-called credit line granted by the sole shareholder Danstoker A/S for the total amount of PLN 20 million. The entity minimizes the interest rate risk by appropriately shaping the structure of assets and liabilities, including trade liabilities and advance payments received for deliveries.

**c) Other price risk**

The entity is exposed to losses due to changes in the prices of goods and materials. The purpose of commodity and material price risk management is to limit potential losses due to price changes to an acceptable level by shaping the structure of commodity positions. The Company hedges against the risk by setting the expiry date of its sales offers and by performing its services on the material entrusted by customers. The entity does not use derivatives to hedge price risk.

**Liquidity loss risk**

The entity is exposed to liquidity loss risk, understood as the risk of losing the ability to pay liabilities within specified periods. In the opinion of the Management Board of the Entity, the value of cash, the loan in the form of a working capital loan and the portfolio of received orders mean that the Company is not exposed to the risk of losing financial liquidity.

**Credit risk**

The entity is exposed to credit risk understood as the risk that creditors will not meet their obligations and thus cause losses to the Company. The entity has many recipients. The Company applies the principle of making transactions with counterparties with proven creditworthiness. The main source of exposure to credit risk are trade receivables. The majority of the Company's revenue is generated by the execution of orders and contracts for the supply of boilers, heat exchangers, accessories and boiler room components. The Company hedges itself against the risk of contractors' insolvency by insuring receivables and using prepayments.

**Note 54**

Financial instruments - Characteristics of financial instruments, including those not measured at fair value

| Description | Characteristics (quantity) | A description of the methods and significant assumptions used to measure fair value, or reasons why fair value cannot be determined, and the limits of the range within which fair value may lie | Fair value or value at adjusted purchase price | Opening balance | Increases | Releases | Closing balance | Conditions and dates affecting the size, timing and certainty of future cash flows | Principles of entering purchased financial instruments into the accounting books |
|---|---|---|---|---|---|---|---|---|---|
| Financial assets held for trading, including: | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – derivatives | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – financial assets held for trading, valued at the adjusted purchase price due to the lack of reliable measurement | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| Financial assets available for sale, including: | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – available-for-sale financial assets valued at the adjusted purchase price due to the lack of reliable measurement | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| Loans granted and own receivables | 0,00 | | 0,00 | 433 848,29 | 2 115 089,13 | 0,00 | 2 548 937,42 | | |
| Financial assets held to maturity | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| Financial liabilities held for trading, including: | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – derivatives | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| Other financial liabilities | 0,00 | | 0,00 | 11 270 061,76 | 5 616 955,94 | 95 813,35 | 16 791 204,35 | | |
| Financial assets and liabilities not measured at fair value, including: | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – loans granted and own receivables not held for sale | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – financial assets held to maturity | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – financial assets for which there is no market price determined in active regulated trading and the fair value cannot be determined in any other reliable way | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |
| – hedged financial assets | 0,00 | | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | | |

# DANSTOKER POLAND SP. ZO.O.

**Note 55**

**Financial instruments - Interest income arising from financial assets**

| Cathegory of assets | Interest income calculated in accordance with the concluded contract | | | | |
|---|---|---|---|---|---|
| | Total | Realised | Unrealised | | |
| | | | Up to 3 months | From 3 months do 12 months | Above 12 months |
| Granted loans | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Own receivables | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Debt financial instruments, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – treasury bonds | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – municipal bonds | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – corporate bonds | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – Treasury bills | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – mortgage bonds | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| – certificates of deposit | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Other (please specify) | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Comment: | | | | | |
| The Company did not generate income from interest on bank deposits. | | | | | |

**Note 56**

**Financial instruments - Interest expense arising from financial liabilities**

| Cathegory of liabilities | Interest income calculated in accordance with the concluded contract | | | | |
|---|---|---|---|---|---|
| | Total | Realised | Unrealised | | |
| | | | Up to 3 months | From 3 months do 12 months | Above 12 months |
| Liabilities classified as held for trading, including: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Long-term financial liabilities, including: | 13 992 942,15 | 508 068,47 | 342 101,32 | 1 000 901,24 | 12 141 871,12 |
| – loan from Danstoker A/S valid until 22/03/2023 | 478 003,86 | 478 003,86 | 0,00 | 0,00 | 0,00 |
| – loan from Danstoker A/S valid until 22.02.2033 (1) | 13 394 459,19 | 0,00 | 328 897,95 | 990 308,10 | 12 075 253,14 |
| – lease agreements | 120 479,10 | 30 064,61 | 13 203,37 | 10 593,14 | 66 617,98 |
| Krótkoterminowe zobowiązania finansowe, w tym: | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 |
| Komentarz: | | | | | |
| (1) - calculation assuming that the balance will be maintained at the current level (PLN 16,186,577.24) and with WIBOR 1M interest rate of 6.9 p.p., agreement in the form of a credit line up to PLN 20 million without a repayment schedule | | | | | |

**Note 57**

**Financial instruments - Information on interest rate risk and credit risk**

| Type of financial instrument | Actual value | Redemption date or revaluation date | Effective interest rate | Type of risk | The estimated maximum amount of loss to which the entity would be exposed (without collateral) if the creditor defaulted |
|---|---|---|---|---|---|
| Other financial liabilities - Loan from Danstoker A/S | 16 186 577,24 | | 8,15% | interest rate risk | 0,00 |
| Lease agreements | 604 627,11 | | 8,65 - 9,05% (1) | interest rate risk | 0,00 |
| Loans granted and own receivables (2) | 2 548 937,42 | | 0,00% | credit risk | 2 548 937,42 |
| Trade receivables | 4 311 911,14 | | 0,00% | credit risk | 4 311 911,14 |
| Komentarz: | | | | | |
| (1) including WIBOR 3M 6,9%<br>(2) In the position “Loans granted and own receivabless” are uncluded cash on hand and bank deposits. | | | | | |

Ostrowiec Świętokrzyski, June 28th 2023

**Financial statements prepared by**

........................................................
Michał Musiał

**Management Board**

........................................................
Mahesh Bukinkere
President of the Board

........................................................
Peter Overgaard
Vice-President of the Board

........................................................
Sanjay Reddy
Member of The Board

# THERMAX INTERNATIONAL TANZANIA LIMITED

***Board of Directors***
Bhavesh Kumar Chheda
Kirtiraj Rajendra Jilkar
Sunil Raina

***Registered Office***
Thermax International Tanzania Limited
Girl Guides building, 1st building,
1st Floor -Tower B
Plot No.1088 Kibasila Street, Upanga
P.O. Box 7323
Dar es Salaam, Tanzania

***Auditors***
BDO East Africa
Certified Public Accountants
ZO Spaces, 4th Floor, Plot No. 4
New Bagamoyo Road
P.O. BOX 9912
Dar es Salaam, Tanzania

***Bankers***
Citibank Tanzania Limited
Citibank House, Plot 1962
P.O. Box 71625
Dar es Salaam, Tanzania

***Company Secretary***
PKF Advisory Limited
P.O. Box 7323
Dar es Salaam, Tanzania

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

**REPORT BY THOSE CHARGED WITH GOVERNANCE**

**1. INTRODUCTION**

The members charged with governance present their report together with audited financial statements which disclose the state of affairs of Thermax International Tanzania Limited (the "Company"). This report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, The report by those charged with governance issued by National Board of Accountants and Auditors (NBAA).

**2. INCORPORATION**

Thermax International Tanzania Limited is a private company limited by shares. It was registered in the United Republic of Tanzania on 7 December 2019 through Certificate of Incorporation number 140562629.

**3. COMPANY'S VISION**

To be a globally respected, high-performance organization offering sustainable solutions in energy and the environment.

**4. COMPANY'S MISSION**

Our mission is as listed below:

- ✓ We will harness best available technology, operational excellence and service innovation to our customers
- ✓ We will be extremely service focused – predicting and fulfilling customer needs and expectations
- ✓ Environment sustainability will be foundation of our business and will drive our thinking and actions at every time
- ✓ Our services will enable long term economic benefit to our customers

**5. PRINCIPAL ACTIVITIES AND RESOURCES**

The company's principal activity is the manufacture and supply of industrial equipment, erection and commissioning of Power Plant and Substations.

By allocating capital to our businesses, we provide differentiation, create value and share it with our stakeholders, while also increasing our own capitals. We present below a brief description of the capitals that are most relevant to our business model.

**Financial capital:**

Financial capital is composed of the financial resources available and allocated to provision of services to our customers. These resources are obtained through funding from owner's equity and internally generated capital through operations (retained earnings).

**Human resource:**

This is composed of our employees and their skills and experiences, as well as their motivations to innovate and develop better services, in an ethical and responsible way, by means of their capabilities for management, leadership and cooperation.

**5. PRINCIPAL ACTIVITIES AND RESOURCES (CONTINUED)**

**Intellectual capital:**

This is a collection of how the brand is perceived, its intellectual property, technical know-how, and the ability to be creative and innovative in provision of its products and deployment of technology. The entity places maximum emphasis on harnessing intellectual capital such as through implementation of digital business operation model.

**Social and relationship resource:**

This is mainly composed of ethical and transparent relationships with our customers, shareholders, investors, suppliers, regulatory agencies, government and society. This also includes the ability to share value with our stakeholders to enhance individual and collective well-being.

**6. Review of financial results and activities**

During the year, the Company managed to secure a contract with customer when compared to last year as a result revenue generated activities were performed.

The statement of affairs of the Company and operating results are fully set out on pages 13 and 12 respectively, and do not in our opinion, require any further comment

**7. Key performance indicators and liquidity**

The following Key Performance Indicators (KPIs) are effective in measuring the delivery of the Company's strategy and managing business

| Key performance indicators | Definition and calculation method | Ratios | |
|---|---|---|---|
| | | **2023** | **2022** |
| Net profit margin | Net profit/Total revenue | 24% | 39% |
| Current ratio | Current asset/Current liability | 6.46 | 1.86 |

As at year end the member of those charged with governance are conversant on the entities ability to meet its current liabilities when they fall due.

**8. DIVIDENDS**

No dividends were declared or paid to shareholders during the year (2022: nil)

**9. RISK MANAGEMENT AND INTERNAL CONTROL**

The board accepts final responsibility for the risk management and internal control system of the company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- ✓ The effectiveness and efficiency of operations;
- ✓ The safeguarding of the company's assets;
- ✓ Compliance with applicable laws and regulations;
- ✓ The reliability of accounting records;
- ✓ Business sustainability under normal as well as adverse conditions; and
- ✓ Responsible behavior towards the stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance with such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The board assessed the internal control systems throughout the year and is of the opinion that they met the accepted criteria.

In addition, the company's activities expose it to a number of financial risks including credit risk, and liquidity risk as set out below:

## 10. PRINCIPAL RISKS AND UNCERTAINTIES

The entity 's activities expose it to a variety of financial risks including credit risk, liquidity risk, market risks and operational risks. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. More details of the financial risks facing the entity are provided in Note 6 to the financial statements.

## 11. CAPITAL STRUCTURE AND SHAREHOLDING

The company's capital structure for the year under review is shown below:

**Authorized share capital**

6,325,000 ordinary shares of TZS 100 each (2022: 6,325,000 ordinary shares of TZS 100 each)

**Called up and fully paid share capital**

6,000,003 ordinary shares of TZS 100 each (2022: 6,000,003 ordinary shares of TZS 100 each)

**Shareholding**

The total number of shareholders during the year 2023 was three. (2022: Three)

| Shareholder | 2023 | | 2022 | |
|---|---|---|---|---|
| | Number of shares | % | Number of shares | % |
| Thermax International Limited | **5,999,999** | **99.99993%** | 5,999,999 | 99.99993% |
| Bhavesh Kumar Chheda | **1** | **0.00002%** | 1 | 0.00002% |
| Kirtiraj Rajendra Jilkar | **3** | **0.00005%** | 3 | 0.00005% |
| | **6,000,003** | **100%** | 6,000,003 | 100% |

## 12. MANAGEMENT

The day-to-day management of the Company is under Plant Operations Manager (POM) and is organized under the following departments:

- ✓ Operations department
- ✓ Finance and administrations

## 13. COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company at the date of this report and who have served since 1 April 2022 (except otherwise mentioned) are:

| No. | Name | Position | Nationality | Qualification | Date of appointment |
|---|---|---|---|---|---|
| 1. | Bhavesh Kumar Chheda | Director | Indian | Chartered Accountant | 07-12-2019 |
| 2. | Kirtiraj Rajendra Jilkar | Director | Indian | Engineer | 07-12-2019 |
| 3. | Sunil Raina | Director | Indian | Engineer | 07-12-2019 |

The Board is required to meet at least once a year and oversee the management of the business. During the year the Board met two times.

**Directors' interest in the shares of the company**

The directors' interests in the issued and fully paid capital of the company were as follows:

| Shareholder | 2023 | | 2022 | |
|---|---|---|---|---|
| | Number of shares | % | Number of shares | % |
| Bhavesh Kumar Chheda | **1** | **0.00002%** | 1 | 0.00002% |
| Kirtiraj Rajendra Jilkar | **3** | **0.00005%** | 3 | 0.00005% |

**Secretary**

The Company secretary as at 31 March 2023 was PKF Advisory Limited.

## 14. CORPORATE GOVERNANCE

The Board of directors consists of three (3) directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

Company's corporate governance structure involves managing and controlling relationships amongst different stakeholders, Board of Directors, employees, customers, suppliers and the community at large. The Board and all employees observe values and ethical business in all its business interactions and relationships to stakeholders.

The Board is required to meet at least once a year. The Board delegates the day-to-day management of the business to the Directors assisted by senior management. The Company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability. The Board met twice during the year.

## 15. SOLVENCY

Those charged with governance confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The members have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

## 16. EMPLOYEES' WELFARE

**Management and employees' relationship**

There were continued good relations between employees and management for the year 2023. There were no unresolved complaints received by Management from the employees during the year. A healthy relationship continues to exist between management and the trade union for the period under review.

The Company is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability, which does not impair ability to discharge duties.

**Training facilities**

Training programs have been and are continually being developed to ensure employees are adequately trained at all levels. All employees have some form of annual training to upgrade skills and enhance development.

**Medical assistance**

All members of staff with a maximum number of four beneficiaries (dependents) for each employee were availed medical insurance guaranteed by the Board. Currently these services are provided through National Health Insurance Fund (NHIF).

**Health and safety**

The Company has a strong health and safety department which ensures that a strong culture of safety prevails at all times. A safe working environment is ensured for all employees and contractors by providing adequate and proper personal protective equipment, training and supervision as necessary.

**Financial assistance to Staff**

Staff advances are available to all confirmed employees depending on the assessment of and the discretion of management as to the need and circumstances.

**Persons with Disabilities**

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employees Benefit Plan**

The Company pays contributions to a publicly administered pension plan on mandatory basis which qualifies to be a defined contribution plan.

**17. GENDER PARITY**

The Company is equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribes, religion and disability which does not impair ability to discharge duties.

**18. RELATED PARTY TRANSACTIONS**

The details of the related party transactions and balances are disclosed in Note 22 to these financial statements.

**19. SUBSEQUENT EVENTS**

There are no material events after the reporting period which require adjustment to, or disclosure, in the financial statements.

**20. POLITICAL AND CHARITABLE DONATIONS**

The Company did not make any political or charitable donations during the year (2022: NIL).

**21. CORPORATE SOCIAL RESPONSIBILITY**

During the period the company did not participate in any community activities and development programs however the company intend in future to engage in corporate social responsibility

**22. FUTURE DEVELOPMENT PLANS**

The Company intends to increase its customer base, give support to local customers, expand and secure profit of the shareholders.

**23. AUDITORS**

The auditor, BDO, having accepted the appointment in accordance with Section 170(1) of the Companies Act, 2002. BDO have expressed their willingness to continue in office and are eligible for re-appointment. A resolution to re-appoint BDO, as auditor will be put to the Annual General Meeting.

The details of the firm are provided on page ii.

Approved by the Order of the Board and signed on its behalf by:

**Bhavesh Kumar Chheda**
Director

Date: 15 May 2023

# THERMAX INTERNATIONAL TANZANIA LIMITED

**STATEMENT OF RESPONSIBILITIES BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 MARCH 2023**

The Companies Act, No.12 of 2002 requires directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the year. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, No.12 of 2002.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of Directors by:

**Bhavesh Kumar Chheda**
Director

Date: 15 May 2023

**DECLARATION OF HEAD OF FINANCE FOR THE YEAR ENDED 31 MARCH 2023**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Financial Reporting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors' as per the statement of Directors Responsibility statement on an earlier page.

I, Kurwa Sanga being the Head of Finance (Outsourced) of Thermax International Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended have been prepared in compliance with International Financial Reporting Standards (IFRS) and the Companies Act, No. 12 of 2002.

I thus confirm that the financial statements give a true and fair view position of I Thermax International Tanzania Limited as at 31 March 2023 and that they have been prepared based on properly maintained financial records.

Signed by: Kurwa Sanga

Position: Head Finance (outsourced)

NBAA registration no: GA 9716

Date: 15 May 2023

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF THERMAX INTERNATIONAL TANZANIA LIMITED**

**Report on the Audit of the Financial Statements**

**Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Thermax International Tanzania Limited (the Company) as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002.

**What we have audited**

The financial statements of Thermax International Tanzania Limited set out on pages 12 to 31 comprise:

- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of financial position as at 31 March 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

**Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**Other information**

The directors are responsible for the other information. The other information comprises Directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, CAP 212 Act No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement 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, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the directors 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.

**Report on other legal and regulatory requirements**

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, CAP 212 Act No. 12 of 2002 and for no other purposes.

As required by the Companies Act, CAP 212 Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Signed by: Date: 15 May 2023

**Yusuf M. Chanyika, ACPA (PP) 610**

For and on behalf of BDO East Africa,
Dar es Salaam, Tanzania

# THERMAX INTERNATIONAL TANZANIA LIMITED

## FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2023
## STATEMENT OF FINANCIAL POSITION

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | TZS | Rs. Lacs | TZS | Rs. Lacs |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property and equipment | 13 | **767,649** | **0.27** | 1,089,388 | 0.36 |
| Deffered tax assets | 14 | **36,431,916** | **13.01** | 499,897 | 0.16 |
| **Total Non-current assets** | | **37,199,565** | **13.28** | 1,589,285 | 0.52 |
| **Current assets** | | | | | |
| Trade and other receivables | 15 | **3,497,434,578** | **1,248.88** | 6,233,694,286 | 2,050.89 |
| Cash and cash equivalents | 16 | **2,010,131,529** | **717.79** | 771,877,275 | 253.95 |
| **Total current assets** | | **5,507,566,107** | **1,966.66** | 7,005,571,561 | 2,304.83 |
| **Total assets** | | **5,544,765,672** | **1,979.95** | 7,007,160,846 | 2,305.36 |
| **EQUITY** | | | | | |
| Share Capital | 17 | **600,000,300** | **214.25** | 600,000,300 | 197.40 |
| Retained earnings | | **4,092,294,182** | **1,461.29** | 2,636,245,918 | 867.32 |
| **Total equity** | | **4,692,294,482** | **1,675.54** | 3,236,246,218 | 1,064.73 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 18 | **705,152,824** | **251.80** | 3,667,438,039 | 1,206.59 |
| Income tax payables | 19 | **147,318,366** | **52.61** | 103,476,589 | 34.04 |
| **Total current liabilities** | | **852,471,190** | **304.40** | **3,770,914,628** | **1,240.63** |
| **Total equity and liabilities** | | **5,544,765,672** | **1,979.95** | 7,007,160,846 | 2,305.36 |

Ther financials statements on pages 12 to 31 were authorized for issue by the board of director's and were signed on its behalf by

**Bhavesh Kumar Chhed**
Director
Date : 11.05.2023

Exchange Rate : as at 31 March 2023 is 1 TZS = Rs 0.0357

Exchange Rate : as at 31 March 2022 is 1 TZS = Rs 0.0329

## FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2023
## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | TZS | Rs. Lacs | TZS | Rs. Lacs |
| Revenue | 7 | **6,098,587,675** | **2,177.71** | 9,162,741,807 | 3,014.54 |
| Other Operating income | 8 | **241,866,696** | **86.37** | 38,752,986 | 12.75 |
| Employment benefits | 9 | **(2,341,893,558)** | **(836.25)** | (2,318,008,169) | (762.62) |
| Other operating expenses | 10 | **(1,800,387,877)** | **(642.89)** | (3,082,826,485) | (1,014.25) |
| Depreciation and amortization | 11 | **(321,739)** | **(0.11)** | (145,612) | (0.05) |
| **Profit from operations** | | **2,197,851,197** | **784.82** | 3,800,514,528 | 1,250.37 |
| Tax expenses | 12 | **(741,802,933)** | **(264.89)** | (1,161,969,610) | (382.29) |
| **(Loss)/Profit for the year** | | **1,456,048,264** | **519.93** | 2,638,544,918 | 868.08 |
| Other Comprehensive income | | **-** | **-** | - | - |
| **Total Comprehensive income for the year** | | **1,456,048,264** | **519.93** | 2,638,544,918 | 868.08 |

## FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2023
## STATEMENT OF CASH FLOW

| | Notes | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | TZS | Rs. Lacs | TZS | Rs. Lacs |
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | **20** | **1,972,147,429** | **648.84** | 1,832,104,893 | 602.76 |
| Income tax paid | | **(733,893,175)** | **(241.45)** | (1,058,992,918) | (348.41) |
| **Net cash flows from operating activities** | | **1,238,254,254** | **407.39** | 773,111,975 | 254.35 |
| **Cash flows from investing activities** | | | | | |
| Payment for property and equipment | **13** | **-** | **-** | (1,235,000) | (0.41) |
| **Net cash flows from investing activities** | | **-** | **-** | (1,235,000) | (0.41) |
| **Cash flows from Financing activities** | | | | | |
| Proceeds share capital | | **-** | **-** | 300 | 0.00 |
| **Net cash flows from financing activities** | | **-** | **-** | 300 | 0.00 |
| **Net increase in cash and cash equivalents** | | **1,238,254,254** | **407.39** | 771,877,275 | 253.95 |
| **Movement in cash and cash equivalents** | | | | | |
| At start of the year | | **771,877,275** | **253.95** | - | - |
| Increase | | **1,238,254,254** | **407.39** | 771,877,275 | 253.95 |
| **At end of the year** | **16** | **2,010,131,529** | **661.33** | 771,877,275 | 253.95 |

## FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH 2023
## STATEMENT OF CHANGES IN EQUITY

| **Particulars** | Share Capital | | Accumulated Profits | | Total | |
|---|---|---|---|---|---|---|
| | TZS | Rs. Lacs | TZS | Rs. Lacs | RM | Rs Lacs |
| **Year ended 31 March 2023** | | | | | | |
| At Start of the year | 600,000,300 | 214.25 | 2,636,245,918 | 941.36 | 3,236,246,218 | 1,155.61 |
| Changes in share capital | - | - | - | - | - | - |
| **Comprehensive income :** | | | | | | |
| Profit for the year | - | - | 1,456,048,264 | 519.93 | 1,456,048,264 | 519.93 |
| Other Comprehensive income | - | - | - | - | - | - |
| **Total Comprehensive income** | **-** | **-** | **1,456,048,264** | **519.93** | **1,456,048,264** | **519.93** |
| **At end of the year** | **600,000,300** | **214.25** | **4,092,294,182** | **1,461.29** | **4,692,294,482** | **1,675.54** |

| **Particulars** | Share Capital | | Accumulated Profits | | Total | |
|---|---|---|---|---|---|---|
| | TZS | Rs. Lacs | TZS | Rs. Lacs | TZS | Rs. Lacs |
| **Year ended 31 March 2022** | | | | | | |
| At Start of the year | 600,000,000 | 214.25 | (2,299,000) | (0.82) | 597,701,000.00 | 213.43 |
| Changes in share capital | 300 | 0.00 | - | - | 300 | 0.00 |
| **Comprehensive income :** | | | | | | |
| Profit for the year | - | - | 2,638,544,918 | 942.18 | 2,638,544,918 | 942.18 |
| Other Comprehensive income | - | - | - | - | - | - |
| **Total Comprehensive income** | **-** | **-** | **2,638,544,918** | **942.18** | **2,638,544,918** | **942.18** |
| **At end of the year** | **600,000,300** | **214.25** | **2,636,245,918** | **941.36** | **3,236,246,218** | **1,155.61** |

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Thermax International Tanzania Limited ("the Company") principal activities include manufacture and supply of industrial equipment, erection and commissioning of Power Plant and Substations and is incorporated in Tanzania as a private limited liability Company.

The address of its registered office and principal place of business are disclosed on page ii.

### 2. STATEMENT OF COMPLIANCE AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with the Tanzanian Companies Act, 2002.

The statement of financial position is presented in order of liquidity. Reference to the current maturities of these financial assets is disclosed in the notes to the statement of financial position and in the analysis of financial assets and liabilities. The accounting policies are consistent with previous year, except where specifically stated otherwise

### 2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except were stated otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Tanzanian Shillings (TZS). These financial statements cover the year ended 31 March 2023.

### 2.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain accounting policies have been identified where management has applied a higher degree of judgement that have significant effect on the amounts recognized in the financial statements, or estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

#### 2.2.1 Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

**a. Assets useful lives and residual values**

Property and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each financial year end and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programs are taken into account.

#### 2.2.2 Key sources of estimation uncertainty

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

**a. Deferred tax assets**

Deferred tax assets are recognized to the extent it is possible that taxable income will be available in the future against which they can be utilized. Future taxable profits are estimated based on budgets which include estimates and assumptions regarding economic growth, interest, inflation, tax rates and competitive forces.

**b. Impairment of financial assets**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

In the process of applying the Company's accounting policies, the directors made judgements in determining whether assets are impaired. For trade receivable balances, the directors have determined expected credit loss by assessing individually each trade receivable balance.

Factors considered in making the assessment of whether the balance is impaired are such as past history with the customer, economy of the business and customer relationship with Company at the time of making assessment.

Impairment of trade receivables is further explained in Note 5 below.

### 3. GOING CONCERN

The company's financial statements have been prepared on a going concern basis. Directors are of the view that there are sufficient resources for the Company to continue operating in a foreseeable future.

### 4. NEW STANDARDS AND INTERPRETATIONS

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 April 2022

### 4.1 New and revised Standards and Interpretations that are effective and adopted in the current year.

The following relevant Standards and Interpretations have been applied in these financial statements. However, they did not have any impact on the Company's financial statements but may impact the accounts for future transactions or arrangements.

| | |
|---|---|
| IFRS 1 | First -time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (subsidiary as a first-time adopter) |
| IFRS 9 | Financial Instruments: Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) |
| IFRS 9 | Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards (fees in the '10 per cent' test for derecognition of financial liabilities) |
| IAS 16 | Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended used |
| IAS 37 | Provision, Contingent, Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous |

**4.2 New and revised Standards and Interpretations that are effective and adopted in the current year.**

At the date of authorization of these financial statements, the following relevant Standards and Interpretations were in issue but effective on annual period on or after the respective dates as indicated:

| | | |
|---|---|---|
| IFRS 17 | This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts | Effective 1 January 2023 |
| IAS 1 | The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. | Effective 1 January 2023 |
| IAS 12 | Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction | Effective 1 January 2023 |
| IAS 1 | These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. | Effective 1 January 2024 |
| IFRS 16 | These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. | Effective 1 January 2024 |

The directors anticipate that these amendments will be applied in the Company annual financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 5.1 Foreign currency translation

**a. Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Tanzania Shilling ("TZS) which is the Company's functional currency.

**b. Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss and other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses.

### 5.2 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Revenue is primarily derived from sale of plant commissioning and maintenance services to customers. Revenue is recognized on a time proportion basis under the contracts.

The five-step model stipulated in IFRS 15 Revenue from contracts with customers is applied when accounting for revenue from contracts with customers. The Company accounts for a revenue contract with a customer only when all the following criteria are met:

- Identify contracts with customers
- Identify the separate performance obligation
- Determine the transaction price of the contract
- Allocate the transaction price to each of the separate performance obligations, and
- Recognise the revenue as each performance obligation is satisfied.

It is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

### 5.3 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of profit or loss in during the financial period in which they are incurred.

Depreciation on items of property and equipment is calculated using the straight-line method to allocate their cost to the residual values over their estimated useful lives, as follows:

| ASSET TYPE | RATE |
|---|---|
| Office equipment | 33.3% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

**5.4 Trade and other receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses.

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Prepayments and advances to staff for expenses are not considered as financial assets.

**5.5 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

**5.6 Dividends**

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

**5.7 Income tax**

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other

**a. Current income tax**

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**b. Deferred income tax**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**5.8 Employee benefits**

**a. Retirement benefits obligations**

The Company operates a defined benefit scheme for unionized employees. The Company and all its unionized employees also contribute to the National Social Security Fund, which qualifies to be a defined contribution scheme.

A defined contribution plan is a pension plan under which the Company pays contributions to a publicly administered pension plan on mandatory basis. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. A defined benefit plan is a retirement benefit plan that is not a defined contribution plan.

**b. Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

**5.11 Share capital**

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

**5.12 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**5.13 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

## NOTES TO THE FINANCIAL STATEMENTS

**5.14 Financial instruments**

All financial instruments are initially recognized at fair value, plus, in the case of financial assets and liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. Financial instruments are recognized when the Company becomes a party to the contractual arrangements. All regular way transactions are accounted for on trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. In the current year, the Company has adopted IFRS 9 and all financial assets and liabilities were classified at amortized cost; and financial liabilities at amortized cost.

***Classification and measurement under IFRS 9***

Trade and other receivables and bank balances are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial assets or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issued. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI debt investment; FVOCI or FVTPL. The classification depends on the business model applied and the cash flow characteristics of an asset.

**Business model :** The business model reflects how the Company manages the assets to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets, if neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for assets include past experience on how the cash flows of these assets were collected, how the performance of the assets is evaluated and reported to key management personnel, the risks that affect the performance of the business model (and the financial assets within) and in particular, the way that those risks are managed; and how assets managers are compensated.

**Cash flow characteristic of the asset :** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flow and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment. The Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement the related financial asset is classified and measured at FVPL.

**5.15 Impairment of financial assets**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**5.16 Impairment of non-financial assets**

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

**6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**6.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. The Company does not hedge any of its risk exposures.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

**Market risk**

**a. Foreign exchange risk**

As and when the need arises, the Company enters into transactions denominated in foreign currencies (primarily US dollar). In addition, the Company has financial assets and liabilities denominated in US dollar. As a result, the Company is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The effect of foreign currency risk is not significant and therefore management does not hedge against this risk.

**b. Price risk**

The Company does not hold any financial instruments subject to price risk.

**c. Interest rate risk**

The Company does not hold any financial instruments subject to interest rate risk.

**Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk is managed by the finance department. Credit risk arises from cash at bank and short-term deposits with banks, as well as trade and other receivables.

For banks and financial institutions, only reputable well-established financial institutions are accepted. For trade receivables, the finance department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Company does not grade the credit quality of receivables. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

Trade receivables are written off where there is no reasonable expectation of recovery indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities.

## NOTES TO THE FINANCIAL STATEMENTS

The Company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

### 6.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders or issue new shares.

The Company is fully financed by equity as a result it does not monitor capital on the basis of the gearing ratio.

### 7. REVENUE

| | 31 March 2023<br>TZS | 31 March 2022<br>TZS |
|---|---|---|
| Revenue from contract | **6,155,694,242** | 8,611,387,217 |
| Work In Progress Gross Revenue | **-** | 637,814,353 |
| Work In Progress release | **(57,106,567)** | (86,459,763) |
| | **6,098,587,675** | 9,162,741,807 |

### 8. OTHER OPERATING INCOME

| | | |
|---|---|---|
| Interest and Penalty Reverse | 39,485,524 | - |
| Provision Reversed-Prior Period | 32,803,472 | - |
| Realised exchange gain on working capital items | 167,463,269 | - |
| Unrealised exchange gain on working capital items | 2,114,431 | 38,752,986 |
| | **241,866,696** | **38,752,986** |

### 9. EMPLOYMENT BENEFITS

| | | |
|---|---|---|
| Salaries and wages | 2,044,877,570 | 465,097,500 |
| National Social Security Fund | 204,487,757 | 46,509,750 |
| Skills and development levy | 81,795,104 | 93,969,127 |
| Workers' compensation | 10,733,127 | 14,293,200 |
| Service rendered from outside | - | 1,698,138,592 |
| | **2,341,893,558** | **2,318,008,169** |

### 10. OTHER OPERATING EXPENSES

| | | |
|---|---|---|
| Unrealised exchange loss on working capital items | 3,681 | 10,639,573 |
| Realised exchange loss on working capital items | 57,548,176 | - |
| Provision for Bad and Doubtful Debts | 163,101,847 | - |
| Miscellaneous | 12,238,946 | 64,899,123 |
| Interest and penalties | 6,988,051 | 72,163,895 |
| Power & Fuel | 37,305,165 | 37,269,344 |
| Professional fees | 70,797,812 | 543,086,851 |
| Rates & Taxes | 184,278,062 | 309,792,365 |
| Hotel charges | 248,228,661 | 339,451,443 |
| Repair and maintenance | 10,000 | 218,999 |
| Site expenses | 869,201,157 | 1,525,992,679 |
| Staff welfare | 1,816,035 | 6,065,414 |
| Travel | 148,870,284 | 173,246,798 |
| | **1,800,387,877** | **3,082,826,485** |

### 11. DEPRECIATION AND AMORTIZATION

| | 31 March 2023<br>TZS | 31 March 2022<br>TZS |
|---|---|---|
| Office equipment | **321,739** | **145,612** |

### 12. TAX EXPENSE

| | | |
|---|---|---|
| Current income tax | | |
| Current tax | 696,694,093 | 1,162,469,507 |
| Prior periods | 81,040,859 | |
| Deferred income tax charge/ (credit) (Note 14): | | |
| Derecognized/(Recognized) deferred tax asset | (35,932,019) | (499,897) |
| | **741,802,933** | **1,161,969,610** |
| Accounting Profit before tax | 2,197,851,197 | 3,800,514,527 |
| Tax at the applicable rate of 30% | 659,355,359 | 1,140,154,358 |
| Tax effects of: | | |
| Permanent disallowable | 2,096,415 | 21,815,252 |
| Prior year tax | 81,040,859 | - |
| Unrecognized provision for deferred income tax asset | (689,700) | - |
| Tax expense | **741,802,933** | **1,161,969,610** |

### 13. PROPERTY AND EQUIPMENT

| | EFD machine<br>TZS | Printer<br>TZS | Total<br>TZS |
|---|---|---|---|
| **COST** | | | |
| At 1 April 2022 | 585,000 | 650,000 | 1,235,000 |
| Additions | - | - | - |
| Disposals | - | - | - |
| **At 31 March 2023** | **585,000** | **650,000** | **1,235,000** |
| **DEPRECIATIONS** | | | |
| At 1 April 2022 | (83,877) | (61,735) | (145,612) |
| Charge for the year | (148,001) | (173,738) | (321,739) |
| **At 31 March 2023** | **(231,878)** | **(235,473)** | **(467,351)** |
| **NET BOOK VALUES** | | | |
| **At 31 March 2023** | **353,122** | **414,527** | **767,649** |
| **At 31 March 2022** | **501,123** | **588,265** | **1,089,388** |

None of these items of equipment have been pledged as security against liabilities

### 14. DEFERRED TAX ASSETS

Deferred income tax is calculated using the enacted income tax rate of 30% (2022: 30%). The movement on the deferred income tax account is as follows:

| | 31 March 2023<br>TZS | 31 March 2022<br>TZS |
|---|---|---|
| At beginning of year | 499,897 | - |
| Credit/ (Charge) to profit or loss (Note 12) | 35,242,319 | 499,897 |
| Prior year adjustment | 689,700 | - |
| **At end of year** | 36,431,916 | 499,897 |

Deferred income tax assets and deferred income tax charge in profit or loss are attributable to the following items:

## NOTES TO THE FINANCIAL STATEMENTS

| | 31 March 2023 | 31 March 2022 | Movement 2023 |
|---|---|---|---|
| | TZS | TZS | TZS |
| **Year ended 31 March 2022** | | | |
| **Deferred income tax assets:** | | | |
| Temporary differences on PPE | 65,852 | 171,263 | (105,411) |
| Exchange gain | 2,114,431 | 38,752,986 | (36,636,984) |
| Provisions | (163,101,847) | (32,250,000) | (130,851,847) |
| Prior year interest & penalty waiver | 39,485,524 | - | 39,485,524 |
| Exchange loss | (3,681) | (10,639,573) | 10,635,892 |
| **Total temporary differences** | **(121,439,721)** | **(3,965,324)** | **(117,474,397)** |
| **Total Deferred tax (asset)/ liability @ 30%** | **(36,431,916)** | **(1,189,597)** | **(35,242,319)** |

During the year the company had TZS 36,431,916 (2022: 1,189,597 as deferred tax asset. Deferred tax assets arose from PPE, Forex gain/loss, Prior year interest &penalty waiver and provision amounting to TZS 19,756, TZS 634,329, TZS 11,845,657 and TZS (48,930,554).

### 15. TRADE AND OTHER RECEIVABLES

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | TZS | TZS |
| Trade receivables | **2,971,226,799** | 5,450,957,719 |
| Work in progress | **551,354,590** | 637,814,353 |
| Transfer to revenue | **(57,106,567)** | (86,459,763) |
| Less: Provision for impairment losses | **(163,101,848)** | - |
| **Net trade receivables** | **3,302,372,974** | 6,002,312,309 |
| Prepayments | **110,536,680** | 228,658,486 |
| Value added tax | **84,104,924** | 1,541,215 |
| Other receivables | **420,000** | 1,182,276 |
| | **3,497,434,578** | 6,233,694,286 |

### 16. CASH AND CASH EQUIVALENTS

| | | |
|---|---|---|
| Cash at Bank | **2,008,032,543** | 768,106,575 |
| Cash in Hand | **2,098,986** | 3,770,700 |
| | **2,010,131,529** | 771,877,275 |

### 17. SHARE CAPITAL

| | | |
|---|---|---|
| ***Authorized:*** | | |
| 6,325,000 (2022: 6,325,000) authorized ordinary shares of TZS 100 each | **632,500,000** | **600,000,000** |
| ***Issued and fully paid:*** | | |
| 6,000,003 (2022: 6,000,003) ordinary shares, issued and fully paid, of TZS 100 each | **600,000,300** | **600,000,000** |

### 18. TRADE AND OTHER PAYABLES

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | TZS | TZS |
| Trade payables | **490,277,964** | 2,858,421,751 |
| Accrued expenses | **17,517,200** | 44,679,201 |
| Other payables | **197,357,660** | 764,337,087 |
| | **705,152,824** | 3,667,438,039 |

### 19. INCOME TAX PAYABLE

| | | |
|---|---|---|
| **As at 1 April** | **103,476,589** | - |
| Current tax | **696,694,093** | 1,162,469,507 |
| Repayments | **(652,852,316)** | (1,058,992,918) |
| **As at 31 March** | **147,318,367** | 103,476,589 |

### 20. CASH GENERATED FROM OPERATING ACTIVITIES

| | Note | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| | | TZS | TZS |
| Reconciliation of profit before income tax to cash generated from operations: | | | |
| Profit before income tax | | **2,197,851,197** | 3,800,514,527 |
| Adjustments for: | | | |
| Prior year adjustment | | | |
| Depreciation and amortization | 11 | **321,739** | 145,612 |
| Changes in working capital | | | |
| - trade and other receivables | | **2,736,259,708** | (5,633,694,285) |
| - trade and other payables | | **(2,962,285,215)** | 3,665,139,039 |
| Cash generated from operations | | **1,972,147,429** | **1,832,104,893** |

### 21. COMMITMENT AND CONTIGENT LIABILITIES

The directors are not aware of no any commitment or contingent liability as at year end (2022: Nil)

### 22. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | TZS | TZS |
| **i) Payments made on behalf of the entity** | | |
| Thermax Limited | **-** | 2,309,917,485 |
| **ii) Purchases of services** | | |
| Thermax Instrumentation Limited | **-** | 338,866,015 |
| Thermax International Limited | **-** | 740,140 |
| Thermax Limited | **7,649,800** | - |
| | **7,649,800** | 339,606,155 |
| **iii) Amount due to related parties** | | |
| Thermax Limited | **-** | 2,309,917,485 |
| Thermax Instrumentation Limited | **338,866,015** | 338,866,015 |
| Thermax International Limited | **743,821** | 740,140 |
| | **339,609,836** | 2,649,523,640 |

### 23. EVENTS AFTER REPORTING DATE

On 6th April 2023, the Board of Directors of Thermax International Tanzania Limited declared a dividend of TZS 1,404,000,000, to shareholders of record as of 31st March 2022. The total amount of the dividend is TZS 1,404,000,000 based on the number of shares outstanding as of the record date.

# Thermax Engineering Construction FZE

| ***Board of Directors*** | ***Registered and Corporate Office*** | ***Independent auditor*** |
|---|---|---|
| Shekhar Kashalikar<br>Pravin Karve<br>Sandeep Mandke | Dangote Industries Free Zone Development Company<br>Lagos Free Zone<br>Lekki Costal Road, Ibeju-Lekki<br>Lagos | PricewaterhouseCoopers<br>Chartered Accountants<br>Landmark Towers<br>5B Water Corporation Road<br>Victoria Island<br>Lagos |

***Bankers***

Citi Bank Nigeria Limited
27 Kofo Abayomi Street
Victoria Island
Lagos

**Independent auditor's report**

To the Members of Thermax Engineering Construction FZE

**Report on the audit of the financial statements**

**Our opinion**

In our opinion, Thermax Engineering Construction FZE's ("the enterprise's") financial statements give a true and fair view of the financial position of the enterprise as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Nigerian Export Processing Zones Authority (NEPZA) Act and the Financial Reporting Council of Nigeria Act.

**What we have audited**

Thermax Engineering Construction FZE's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 March 2023
- the statement of financial position as at 31 March 2023
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

**Independence**

We are independent of the Enterprise in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**Other information**

The directors are responsible for the other information. The other information comprises the Corporate Information, Statement of Value Added and Five-Year Financial Summary but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

**Responsibilities of the directors and those charged with governance for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Nigerian Export Processing Zones Authority (NEPZA) Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the enterprise'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 directors either intend to liquidate the enterprise or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the enterprise's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the enterprise's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the enterprise'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 enterprise 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.

**Report on other legal and regulatory requirements**

The Investment Procedures, Regulations and Operational Guidelines for Free Zones in Nigeria issued pursuant to Section 10(4) of the Nigerian Export Processing Zones Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) the accounts have been properly prepared in accordance with these Regulations;

ii) the accounts give a true and fair view, in the case of the statement of financial position of the enterprise, of the state of affairs of the enterprise at the end of its financial year;

iii) the accounts give a true and fair view, in the case of the statement of profit or loss and other comprehensive income of the enterprise for the year end.

**For: PricewaterhouseCoopers** 14 June 2023

Chartered Accountants

Lagos, Nigeria

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

# Thermax Engineering Construction FZE

## Statement of Profit and Loss and Other Comprehensive Income

| | NOTE | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|---|
| | | N'000 | Rs Lacs | N'000 | Rs Lacs |
| Revenue | 5 | 443,289 | 792 | 628,503 | 1,148 |
| Cost of sales | 6 | (193,841) | (346) | (201,410) | (368) |
| Operating expenses | 7 | (228,993) | (409) | (220,999) | (404) |
| Other income | 8 | 5,343 | 10 | 2,570 | 5 |
| **Profit for the year** | | **25,798** | **46** | **208,664** | **381** |
| **Other comprehensive Income** | | | | | |
| Item that may be reclassified subsequently to profit & Loss: | | | | | |
| Foreign Currency translation reserve | 15 | (520) | (1) | 71,741 | 131 |
| **Total comprehensive Income** | | **25,278** | **45** | **280,405** | **512** |
| Earnings per share (Naira/Rupees) | | 253 | 0.45 | 2,804 | 5.12 |

The notes on pages 9 to 25 form an integral part of these financial statements.

## Statement of Financial Position

| | NOTE | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|---|
| | | N'000 | Rs Lacs | N'000 | Rs Lacs |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 12 | 157,410 | 281 | 532,072 | 971 |
| Trade receivables | 13 | 367,253 | 656 | 323,860 | 591 |
| Other current assets | 14 | 19,377 | 35 | 5,027 | 9 |
| **Total assets** | | **544,040** | **972** | **860,959** | **1,571** |
| **LIABILITIES** | | | | | |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Unearned Revenue | 9 | - | - | 20,456 | 37 |
| Accruals, provisions and other liabilities | 10 | 96,779 | 173 | 68,995 | 126 |
| Trade payables | 11 | 97,873 | 175 | 78,175 | 143 |
| **Total current liabilities** | | **194,652** | **348** | **167,627** | **306** |
| **EQUITY** | | | | | |
| Share capital and share premium | 4 | 30,565 | 55 | 30,565 | 56 |
| Foreign currency transaltion reserve | 15 | 134,571 | 240 | 135,091 | 247 |
| Retained earnings | | 184,252 | 329 | 527,677 | 963 |
| **Total equity** | | **349,388** | **624** | **693,333** | **1,265** |
| **Total equity and liabilities** | | **544,040** | **972** | **860,959** | **1,571** |

The financial statements on pages 5 to 27 were approved and authorised for issue by the board of directors on 11th May, 2023 and were signed on its behalf by:

**Shekhar Kashalikar**
Director

**Sandeep Mandke**
Director

## Financial Statements for the year ended 31 March 2023

## Statement of Changes in Equity

| | Notes | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share Capital | | Currency Translation Reserve | | Retained earnings | | Total Equity | |
| | | N'000 | Rs Lacs | N'000 | Rs Lacs | N'000 | Rs Lacs | N'000 | Rs Lacs |
| **Balance at 1 April 2021** | | 30,565 | 55 | 63,350 | 113 | 686,672 | 1,227 | 780,587 | 1,395 |
| Foreign currency translation reserve | 15 | - | - | 71,741 | 128 | - | - | 71,741 | 128 |
| Profit for the period | | - | - | - | - | 208,664 | 373 | 208,664 | 373 |
| Dividend Paid | | - | - | - | - | (367,659) | (657) | (367,659) | (657) |
| **Balance at 31 March 2022** | | **30,565** | **55** | **135,091** | **241** | **527,677** | **943** | **693,333** | **1,239** |
| **Balance at 1 April 2022** | | 30,565 | 55 | 135,091 | 241 | 527,677 | 943 | 693,333 | 1,239 |
| Foreign currency translation reserve | 15 | - | - | (520) | (1) | - | - | (520) | (1) |
| Profit for the period | | - | - | - | - | 25,798 | 46 | 25,798 | 46 |
| Dividend Paid | | - | - | - | - | (369,223) | (660) | (369,223) | (660) |
| **Balance at 31 March 2023** | | **30,565** | **55** | **134,571** | **240** | **184,252** | **329** | **349,388** | **624** |

## STATEMENT OF CASH FLOW

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | N'000 | Rs Lacs | N'000 | Rs Lacs |
| **Cash flows from operating activities** | | | | |
| **Profit on ordinary activities before taxation** | **25,798** | **46** | 208,664 | 381 |
| Foreign currency translation reserves | (520) | (1) | 71,741 | 131 |
| | **25,278** | **45** | 280,405 | 512 |
| **Changes in working capital:** | | | | |
| Increase in trade receivable | 7,327 | 13 | 3,666 | 7 |
| Increase in other current Assets | 19,698 | 35 | (23,223) | (42) |
| Increase in trade payables | (43,394) | (78) | 230,704 | 421 |
| Decrease / (increase) in accruals, provisions and other liabilities | (14,350) | (26) | 42,231 | 77 |
| **Net cash outflow used in operating activities** | **(5,439)** | **(10)** | 533,782 | 974 |
| **Cash flows from investing activities** | | | | |
| Issue share capital | - | - | - | - |
| Dividend paid | (369,223) | (660) | (367,659) | (671) |
| **Net cash inflow from Investing activities** | **(369,223)** | **(660)** | (367,659) | -671 |
| **Net increase in cash and cash equivalents** | (374,662) | (669) | 166,124 | 303 |
| **Cash and cash equivalents at the beginning of the year** | 532,072 | 951 | 365,948 | 668 |
| **Cash and cash equivalents at the end of the year** | **157,410** | **281** | 532,072 | 971 |

The notes on pages 9 to 25 form an integral part of these financial statements.

**1 General information**

Thermax Engineering Construction FZE was incorporated in Nigeria Export Processing Zone Authority (NEPZA) as an Enterprise in LEKKI FZE in 2018. The Enterprise is domiciled in Nigeria and the address of its registered office is:

Dangote Industries Free Zone Development Company

Lagos Free Zone

Lekki Costal Road, Ibeju-Lekki

Lagos

Thermax Engineering Construction FZE was incorporated on 31 August 2018 to carry on the business of equipments installation, erection & commissioning, providing all technical and supervision services, deputing sub contractors and any other work in relation to & incidental to perform these activites.

**2 Summary of significant accounting policies**

**2.1 Introduction to summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.2 Basis of preparation**

The financial statements of Thermax Engineering Construction FZE have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Enterprise's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Enterprise's financial statements therefore present the financial position and results fairly.

**2.2.1 Going concern**

The financial statements have been prepared on a going concern basis. The directors are of the opinion that the Enterprise will continue to be in operation in the nearest future. There is no intention on their part to liquidate the entity or to significantly curtail its activities.

The directors have no doubt that the Enterprise would remain in existence after twelve months from the date these financial statements have been approved.

**2.2.2 Changes in accounting policies and disclosures**

**i) New standards, amendments, interpretations adopted by the Enterprise**

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

**2018-2020 Annual improvements to IFRS Standards - IFRS 9 (effective for reporting periods on or after 1 January 2022**

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

**Onerous Contracts - Cost of Fulfilling a Contract**

**(Amendments to IAS 37) Issued: 14 May 2020 (Effective 1 April 2022)**

On 14 May 2020, the IASB issued 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 April 2022.

**The amendments in Classification of Liabilities as Current or Non-Current**

**(Amendments to IAS 1) issued on 23 January 2021 (effectives 01 January 2022)**

On 23 January 2021, the IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**References to the Conceptual Framework**
**(Amendments to IFRS 3) Issued: 14 May 2020 (Effective 1 April 2022)**

On 14 May 2020, the IASB issued 'Reference to the Conceptual

Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements.

**ii) New standards, amendments, interpretations issued but not yet effective**

At the date of authorisation of this financial statement, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

**IFRS 17 - Insurance Contracts; Issued: May 2018 (Effective 1 April 2023**

IFRS 17, "Insurance Contracts" In May 2018, the IASB issued IFRS 17 "Insurance Contracts," which replaces an interim standard IFRS 4 "Insurance Contract" and related interpretations. The standard sets out the requirements that a company should apply in reporting information about insurance contracts. The standard provides update of information about the obligations, risk and performance of insurance contracts, increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry, and introduces a consistent accounting for all insurance contracts based on a current measurement model. IFRS 17 requires that a company update the measurement of insurance obligations at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rate.

**Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17) effective from 01 April 2023**

The main amendment in Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17) is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

**Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) Effective from 01 April 2023**

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 April 2023.

**IAS 8 Amendments on Accounting Estimates**

**Issued: 12 February 2021(Effective 1 April 2023)**

On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 April 2023.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Enterprise. Other amendments and standards are not deemed to relate to the transactions of the Enterprise.

**Lease Liability in a Sale and Leaseback**

**(Amendments to IFRS 16) Effective from 01 January 2024**

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

**2.3 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for goods or services stated net of value added taxes (VAT). Sale of services are recognised in the period in which the costs incurred in providing the services are recognised.

Revenue comprises the net value of goods and services invoiced to third parties after deduction of any trade discounts and VAT. Turnover from sale is recognised upon transfer to control to the buyer.

A valid contract is recognised as revenue after:

- The contract is approved by the parties.

- Rights and obligations are recognised.

- Collectability is probable.

- The contract has commercial substance.

- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Enterprise is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

**2.4 Statement of cash flows**

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

**2.5 Employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Enterprise pays fixed contributions into separate entities such as National Pension Commission on a mandatory, contractual or voluntary basis. The Enterprise has no further payment obligations once the contributions have been paid.

**2.6 Trade, other receivables and assets**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit term is 7-90 days upon delivery. The Enterprise has applied the simplified approach for trade and other receivables upon the adoption of IFRS 9 and follows an Expected Credit Losses ('ECLs') approach for measuring the allowance of its trade receivables. The expected loss rate is assessed on the basis of historical credit losses of 36 months before 31 March 2020 and adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Enterprise expects to receive. The carrying amount of the receivable is reduced by the amount of the provision, which is recognised as part of operating expenses.

If a trade receivable ultimately becomes uncollectible, it is written off initially against any provision made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or provisions no longer required are credited against operating expenses. Loans are initially recognised at the fair value net of transaction costs incurred. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan are amortised to the income statement over the borrowing period.

**2.7 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**2.8 Trade payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**2.9 Provisions**

"Provisions are recognised when: the Enterprise 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.

Where the Enterprise expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**2.10 Financial assets and liabilities**

Financial assets and liabilities (i.e. financial instruments) are recognized when the Enterprise becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Thermax Nigeria Limited has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

**2.10.1 Classification**

Management determines the classification of its financial instruments at initial recognition.

*(i) Financial assets and liabilities at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. Thermax FZE's loans and receivables comprise trade, customer advances and other receivables in the statement of financial position.

*(iii) Financial liabilities at amortized cost*

Financial liabilities at amortized cost include trade payables, bank debt and other long-term debts

**2.10.2 Recognition and measurement**

*(i) Financial assets and liabilities at fair value through profit or loss*

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the income statement. Gains and losses arising from changes in fair value are presented in the statement of income within "other gains and losses (net)" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term.

*(ii) Loans and receivables*

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Transaction costs are added to the fair value of the financial asset on initial recognition. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

**2.11 Offsetting financial assets and financial liabilities**

The Enterprise offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Enterprise or the counterparty.

**2.12 Impairment of financial assets**

The Enterprise assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**2.13 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital accounts.

**2.14 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. Diluted earnings per share incorporates potentially diluted shares at the statement of financial position date.

**2.15 Foreign currency translation**

(i) Functional and presentation currency

The Enterprise functional currency is in US Dollars, which is different from the presentation currency of this Financial Statements. The Financial Statements was prepared in Nigerian Naira, rounded to the nearest thousand, which is the reporting economic environment for Thermax Engineering Construction FZE.

The monetary items are translated using the closing rate (exchange rate at the end of the reporting period), while non-monetary items measured on the basis of historical cost which is the exchange rate at the date of the transaction and the statement of profit or loss item translated using the average rate for the current year.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from translation of monetary assets and liabilities denominated in currencies other than the entity's functional currency at year end exchange rates, are recognized in the income statement.

**2.16 Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

**2.17 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Enterprise's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements.

**3 Financial risk management**

The Enterprise's activities expose it to financial risk - credit risk, liquidity risk and market risk. Risk management is carried out by management, management identifies and evaluates the financial risks in co-operation with the Enterprise's operating units and; provides written principles for overall risk management, as well as written policies covering specific areas. The Enterprise's overall risk management program seeks to minimize potential adverse effects on the Enterprise's financial performance.

**3.1 Credit risk management**

Credit risk is the risk that financial loss arises from the failure of a counterparty to meet its obligations under a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The balances exposed to credit risk are as disclosed below:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Trade and other receivables (Note 13) | **367,253** | **323,860** |
| Cash and cash equivalents (Note 12) | 157,410 | 532,072 |
| Financial assets bearing credit risk | **524,663** | **855,932** |

Below is the breakdown of trade and other receivables that are neither past due nor impaired and past due but not impaired.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Neither past due nor impaired: | | |
| Trade receivables | 321,679 | 282,701 |
| Due from related parties | 45,575 | 41,159 |
| | **367,254** | **323,860** |

**Impairment of financial assets**

The Company's financial assets that are subject to IFRS 9's new expected credit loss model are as follows:

- Trade receivables
- Amount due from related parties and;
- Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

*Trade receivables*

The Company applies the simplified approach in measuring the expected credit losses (ECL) which calculates a lifetime expected loss allowance (ECL) for all trade receivables. Trade receivables represent the amount receivable from customers for the sale of goods in the ordinary course of business. The expected credit loss for trade receivables is determined using a provision matrix approach.

The expected loss rates are as follows:

| | Current (not past due) | Less than 12 months past due | More than 12 months past due | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| **31 March 2023** | | | | |
| Gross carrying amount* | 184,098 | 94,938 | 144,887 | 423,923 |
| Default rate | 0% | 0% | 39.11% | 0% |
| Lifetime ECL | - | - | (56,670) | (56,670) |
| **Net trade receivables** | **184,098** | **94,938** | **88,217** | **367,253** |

| | Current (not past due) | Less than 12 months past due | More than 12 months past due | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| **31 March 2022** | | | | |
| Gross carrying amount* | 190,984 | 125,682 | 20,259 | 336,926 |
| Default rate | 0% | 36.03% | 44.15% | - |
| Lifetime ECL | - | (45,281) | (8,944) | (54,225) |
| **Net trade receivables** | **190,984** | **80,401** | **11,315** | **282,701** |

*Trade receivables*

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Gross carrying amount as at 1 April | 336,926 | 524,109 |
| Opening balance exchange difference | 36,144 | 42,268 |
| Additions during the year | 590,374 | 867,870 |
| Receipts for the year | (539,521) | (1,097,321) |
| Gross carrying amount as at 31 March | **423,923** | **336,926** |

*Amounts due from related parties*

Trade receivables represent fee income due from related parties for the provision of services in the ordinary course of business. Credit terms for related entities are determined on individual basis and the Company does not require collateral in respect of intercompany receivables.

The Company has applied a general approach in computing the Expected Credit Loss (ECL) for intercompany receivables. The company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including audited financial statements, cashflow projections), applying experienced judgement and historical default rates. Lifetime probabilities of default are determined based on available data which reflects the loss rate of the related party.

The expected loss rates are as follows:

| | Current (not past due) | Less than 12 months past due | More than 12 months past due | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Gross carrying amount* | - | - | - | - |
| Default rate | - | - | - | - |
| Lifetime ECL | - | - | - | - |
| Net trade receivables | - | - | - | - |

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Gross carrying amount as at 1 April | 41,160 | 37,571 |
| Opening balance exchange difference | 4,415 | 3,589 |
| Additions during the year | - | - |
| Receipts for the year | - | - |
| Gross carrying amount as at 31 March | **45,575** | **41,160** |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates and the credit policy of the Enterprise.

Cash and bank balance fall under neither past due nor impaired.

Fitch ratings of cash and bank balances are:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| **B+** | **157,410** | **532,072** |

''B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. This is based on Fitch national long-term rating.

### 3.2 Liquidity risk

#### 3.2.1 Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its borrowing facilities.

The Enterprise evaluates its ability to meet its obligations on an ongoing basis. Based on these evaluations, the Enterprise devises strategies to manage its liquidity risk.

Prudent liquidity risk management implies that sufficient cash is maintained and that sufficient funding is available through an adequate amount of committed credit facilities. The Enterprise has no limitation placed on its borrowing capability.

The table below analyses the Enterprise's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**At 31 March 2023**

| | Less than 3 months | Between 3 months and 1 year | Over 1 year | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Accruals, provisions and other liabilities (Note 10) | - | 96,779 | - | **96,779** |
| Trade payables | - | 97,873 | - | **97,873** |
| | - | **194,652** | - | **194,652** |

**At 31 March 2022**

| | Less than 3 months | Between 3 months and 1 year | Over 1 year | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Accruals, provisions and other liabilities (Note 10) | - | 68,995 | - | **68,995** |
| Trade payables | - | 78,175 | - | **78,175** |
| | - | **147,171** | - | **147,171** |

### 3.3 Market risk

#### 3.3.1 Management of market risk

Market risk is the risk of change in the fair value of financial instruments due to changes in interest rates and foreign exchange rates.

*(i) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Enterprise's exposure to interest rate risk relates primarily to a long term borrowing from banks. There are no borrowings as the end of the year (2021: Nil).

*(ii) Foreign exchange risk*

The Enterprise is exposed to foreign exchange risk arising from commercial transactions. There are no balances exposed to exchange risk at the end of the year (2021: Nil).

*Sensitivity*

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. There are no foreign denominated balances that are exposed to fluctuations in foreign exchange rates.

The sensitivity of the Enterprise's earnings to fluctuations in exchange rates is reflected by varying the exchange rates as shown below:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Impact on profit or loss: | | |
| Increase in US Dollars exchange rate against NGN +20% | 84,785 | 75,617 |
| Decrease in US Dollars exchange rate against NGN -20% | (84,785) | (75,617) |

*(iii) Price risk*

Price risk is the risk that prices of internationally traded commodities or equity prices will change. The Enterprise does not trade in quoted securities and commodities.

### 3.4 Capital risk management

The Enterprise's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Enterprise may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Enterprise monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. However, the Enterprise does not currently have any borrowings.

### 3.5 Fair value hierarchy

IFRS 13 requires the Enterprise to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. A description of the fair value hierarchy is detailed below:

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 (that is, as prices) or indirectly (that is, derived from prices).

Level 2 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

All the Enterprise's financial assets and liabilities are measured at amortized cost. The fair values are within level 2 of the fair value hierarchy.

### 3.5 Fair value hierarchy

**Financial instruments by category**

Financial assets and liabilities have been classified into categories that determine their basis of measurement and for items measured at fair value.

*(i) Financial assets classified as loans and receivables*

The carrying value of the Enterprise's financial assets as at 31 March 2023 is the same as its fair value.

*(ii) Financial liabilities carried at amortised cost*

The carrying value of the Enterprise's financial liabilities as at 31 March 2023 is the same as its fair value.

### 4 Share capital

The Enterprise has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| *Authorised and issued* | | |
| 100,000 ordinary shares of $ 1 each using NGN305.65 exchange rate | 30,565 | 30,565 |
| *Paid-up Capital:* | | |
| 1000 ordinary shares of $ 1 each | - | - |

Details for the Enterprise's shares is as follows :

The Enterprise has allotted shares of 100,000 at $ 1 each which is N30,565,000 in Naira of which N30,565,000 are currently allotted to Thermax Engineering Construction Co. Ltd using historical rate as the date the transaction was done of which N305,650 has been paid.

### 5 Revenue

Thermax FZE revenue comprises management, supervision and commissioning fee, etc earned from contract services provided by the Enterprise to its customer.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Sale of Service | 382,628 | 575,652 |
| Sale from Operation | 60,661 | 52,851 |
| | **443,289** | **628,503** |

### 6 Cost of sales

Thermax FZE cost of sales comprises erection expenses, material expenses, and other related costs that are incurred directly on sales and provision of services.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Erection expenses | 193,841 | 196,066 |
| Material Expenses | - | 5,344 |
| | **193,841** | **201,410** |

### 7 Operating expenses

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Travel expenses | 10,609 | 1,232 |
| Contracted employee cost | 40,335 | 73,751 |
| Audit fee | 7,752 | 6,970 |
| Professional fee | 1,840 | 2,511 |
| Secreterial fee | - | 817 |
| Miscellaneous expense | - | 75,040 |
| Loss allowance - Trade receivable | 44,128 | 45,621 |
| Rent | 7,498 | 7,367 |
| Operating license fees | 2,163 | 2,043 |
| Vehicle Repairs and Maintenance | 2,676 | - |
| Bank charges | 8,044 | 4,119 |
| Other Expenses | 726 | 1,331 |
| Exchange Loss | 0.30 | 0.16 |
| Safety | 2,487 | 93 |
| Communication Expense | 4,462 | 70 |
| Rate and Taxes | 11,728 | - |
| Dearness Allowance | 55,466 | - |
| Guest House Expenses | 3,016 | - |
| Printing and Stationary | 2,855 | 35 |
| Site Expenses | 10,184 | - |
| Visa Expenses | 13,024 | - |
| | **228,993** | **220,999** |

### 8 Other income

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Interest Income | 191 | 232 |
| Other Income | 4,255 | 2,187 |
| Exchange Gain | 897 | 151 |
| | **5,343** | **2,570** |

### 9 Unearned revenue

This represents Contract In Progress - Domestic incurred during the year.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Contract In Progress - Domestic | - | 20,456 |
| | - | 20,456 |

# Thermax Engineering Construction FZE

**10 Accruals, provisions and other liabilities**

This represents accruals for professional services, audit fees, secretarial fees and other liabilities incurred during the year.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Advance Customer payment | 38,348 | 59,806 |
| Audit fee payable | 3,733 | - |
| Other expenses payable | 54,698 | 9,189 |
| | **96,779** | **68,995** |

**11 Trade payables**

This represents payables incurred during the year.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Account payable | 82,507 | 55,593 |
| **Accounts Payable Related Party** | | |
| Thermax Engineering Construction Ltd | 10,884 | 22,582 |
| Thermax Limited | 4,482 | - |
| | **97,873** | **78,175** |

**12 Cash and cash equivalents**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Cash and cash equivalents | 157,410 | 532,072 |
| | **157,410** | **532,072** |

**13 Trade and other receivables**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Trade receivables | 378,348 | 336,926 |
| Due from related parties | 45,575 | 41,159 |
| **Total Trade and other receivables** | **423,923** | **378,085** |
| Less Allowances for Impairment: | | |
| ECL | 56,670 | 54,225 |
| Total Allowance | **56,670** | **54,225** |
| **Net Trade and other receivables** | **367,253** | **323,860** |

**14 Other current assets**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Contract In Progress - Domestic | 14,132 | - |
| Prepayment - Rent | 5,053 | 5,027 |
| Prepayment - Operating License Fees and others | 192 | - |
| | **19,377** | **5,027** |

**15 Foreign currency translation reserves**

This represents the exchange differences arising as a result of translation from functional currency which is dollar to presentation currency which is Nigerian Naira. Hence, the significant swing from March 2022 compared with the current year is attributed to exchange rate differences.

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | N'000 | N'000 |
| Exchange differences on translation | (520) | 71,741 |
| | **(520)** | **71,741** |

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| **Translation rate** | | |
| Historical rate | 305.65 | 305.65 |
| Average rate | 434.38 | 408.51 |
| Closing rate | 460.35 | 415.75 |

**16 Employee information**

The Enterprise did not have any employees during the year (2022: Nil).

**17 Related parties**

The Enterprise is a wholly owned subsidiary of Thermax Engineering Construction Ltd. There are other companies that are related to the Enterprise through common shareholdings or common directorships.

Thermax Limited is the Ultimate Holding company of the Enterprise

**a) Sale of goods and services**

There were no sales to related parties during the year (2022: Nil).

**b) Purchases from related parties**

| | Relationship | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | | N'000 | N'000 |
| Thermax Engineering Construction Ltd | Related party | 147,259 | 22,582 |
| Thermax Limited | Related party | 5,485 | - |

Services purchased from Thermax Engineering Construction Ltd are contracted manpower cost, contracted employee cost for April 2022 to March 2023.

Transactions with Thermax Limited pertains to back charges of audit fees.

**c) Receivables from related parties**

| | Relationship | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | | N'000 | N'000 |
| Thermax Engineering Construction Ltd | Related party | 45,575 | 41,159 |

Amounts due from Thermax Engineering Construction Ltd in respect of alloted share capital at the year end closing rates.

**d) Payable to related parties**

| | Relationship | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | | N'000 | N'000 |
| Thermax Engineering Construction Ltd | Related party | 10,884 | 22,582 |
| Thermax Limited | Related party | 4,482 | - |

Amounts due from Thermax Engineering Construction Ltd in respect of contracted manpower cost, and contracted employee cost.

Transactions with Thermax Limited pertains to back charges of audit fees.

**e) Key management compensation**

Key management personnel of the Enterprise includes the directors. The Directors have waived their rights to receive any compensation from the Enterprise (2022: Nil).

**18 Contingent liabilities**

At the statement of financial position reporting date, there was no pending litigation arising in the ordinary course of business. The Enterprise had no contingent liability as at the time of this report (2022: Nil).

**19 Commitments**

The Enterprise had no capital commitments as at 31 March 2023 (2022: Nil).

**20 Thermax Babcock & Wilcox Energy Solutions Ltd**

There are no direct transactions between Thermax Engineering Construction FZE and Thermax Babcock & Wilcox Solutions Ltd. All the costs are charged to Thermax Engineering Construction Company and Thermax Engineering Construction Company has charged to Thermax Engineering Construction FZE.

**21 Events after reporting period**

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

## Statement of value added

| Particulars | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | N'000 | % | N'000 | % |
| **Revenue** | 443,289 | | 628,503 | |
| Other income | 5,343 | | 2,570 | |
| Bought in materials and services | 448,632 | | 631,073 | |
| Brought in materials and services: | | | | |
| Imported | (11,360) | | (109,357) | |
| Local | (13,918) | | (171,048) | |
| **Value added** | **25,278** | **100** | **280,405** | **100** |
| Applied as follows: | | | | |
| **To provide for enhancement of assets and growth:** | | | | |
| Retained profit for the year | 25,278 | 100 | 280,405 | 100 |
| **Value added** | **25,278** | **100** | **280,405** | **100** |

This statement represents the distribution of the wealth created through the use of the Enterprise's assets through its own and its employees efforts.

## Statement of financial position

| | 31 March 2023 | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Current assets | 544,040 | 860,959 | 967,770 | 444,369 | 30,565 |
| Current liabilities | (194,652) | (167,626) | (187,184) | (182,574) | - |
| **Net assets** | **349,388** | **693,333** | **780,586** | **261,795** | **30,565** |
| **Capital Employed** | | | | | |
| Share capital | 30,565 | 30,565 | 30,565 | 30,565 | 30,565 |
| Retained earnings | 318,823 | 662,768 | 750,021 | 231,230 | - |
| **Total equity** | **349,388** | **693,333** | **780,586** | **261,795** | **30,565** |

## Statement of profit or loss

| | 31 March 2023 | 31 March 2022 | 31 March 2021 | 31 March 2020 | 8 months ended 31 March 2019 |
|---|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Revenue | 443,289 | 628,503 | 1,112,437 | 263,797 | - |
| Profit for the year | 25,798 | 208,664 | 491,295 | 195,377 | - |
| Total comprehensive income | 25,278 | 280,405 | 518,791 | 231,230 | - |

# THERMAX (THAILAND) LIMITED

***Board of Directors***
Bhavesh Chheda
Janhavi Khele
Umesh Barde
Dinesh Badgandi

***Registered Office***
43 Thai CC Tower, 24th Floor,
Room No.245, South Sathorn, Yannawa,
Sub-District,
Sathorn District, Bangkok.

***Bankers***
Citibank Thailand

***Auditors***
Morison CKS Company Limited (Head Office)
128/123 Phayathai Plaza Bldg, 11th floor, Unit 11
J, Phayathai Rd., Thangphayathai Ratchathewi,
Bangkok, 10400, Thailand.

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**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Thermax (Thailand) Limited**

**Opinion**

I have audited the financial statements of Thermax (Thailand) Limited (the Company), which comprise the statement of financial position as at March 31, 2023, the statements of income and changes in shareholders' equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**NETILUCK DENSIRIMONGKOL**

Certified Public Accountant

Registration No. 5192

**MORISON CKS CO., LTD.**

Bangkok

April 27, 2023

## Statement of Financial Position as at March 31, 2023

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Baht | Rs Lacs | Baht | Rs Lacs |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | | **85** | **0.00** | 30 | 0.00 |
| Trade and other receivables | 4 | **24,264,471** | **583.63** | 17,005,328 | 387.26 |
| Other current assets | | **3,740** | **0.09** | 137,455 | 3.13 |
| **TOTAL CURRENT ASSETS** | | **24,268,296** | **583.72** | 17,142,813 | 390.39 |
| **NON-CURRENT ASSETS** | | | | | |
| Equipment | 5 | **246,230** | **5.92** | 245,339 | 5.59 |
| Refundable deposit | | **1,084,382** | **26.08** | 788,542 | 17.96 |
| **TOTAL NON-CURRENT ASSETS** | | **1,330,612** | **32.01** | 1,033,881 | 23.54 |
| **TOTAL ASSETS** | | **25,598,908** | **615.73** | 18,176,694 | 413.94 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Bank Overdraft | 6 | **1,462,282** | **35.17** | 206,996 | 4.71 |
| Trade & Other payables | 7 | **1,427,652** | **34.34** | 673,792 | 15.34 |
| Income tax payable | | **749,106** | **18.02** | 183,760 | 4.18 |
| Other current liabilities | 8 | **1,931,105** | **46.45** | 1,311,729 | 29.87 |
| **TOTAL CURRENT LIABILITIES** | | **5,570,145** | **133.98** | 2,376,277 | 54.11 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Employee benefit obligation | 9 | **1,339,793** | **32.23** | 1,003,299 | 22.85 |
| | | **1,339,793** | **32.23** | 1,003,299 | 22.85 |
| **TOTAL LIABILITIES** | | **6,909,938** | **166.20** | 3,379,576 | 76.96 |
| **SHAREHOLDERS' EQUITY** | | | | | |
| Share capital | | | | | |
| Authorized share capital | | | | | |
| Ordinary shares, 150,000 shares of par Baht 100 each | | **15,000,000** | **360.79** | 15,000,000 | 341.60 |
| Issued and paid up share capital | | | | | |
| Ordinary shares, 150,000 shares of par Baht 100 each (Ordinary shares, 150,000 shares of par Baht 25 each) | | **15,000,000** | **360.79** | 15,000,000 | 341.60 |
| Retained earning (Deficit) | | **3,688,970** | **88.73** | (202,882) | (4.62) |
| **TOTAL SHAREHOLDERS' EQUITY** | | **18,688,970** | **449.53** | 14,797,118 | 336.97 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **25,598,908** | **615.73** | 18,176,694 | 413.94 |

Exchange rate : as at 31 March 2023 is THB = Rs 2.40
Exchange rate : as at 31 March 2022 is THB = Rs 2.27

## STATEMENT OF INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| Particulars | NOTE | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Baht | Rs Lacs | Baht | Rs Lacs |
| **REVENUE** | | | | | |
| Service income | 11 | **60,725,151** | **1,460.62** | 16,123,841 | 367.19 |
| Other income | | **32,300** | **0.78** | 21,000 | 0.48 |
| **TOTAL REVENUE** | | **60,757,451** | **1,461.40** | 16,144,841 | 367.67 |
| **EXPENSES** | | | | | |
| Cost of services | | **43,244,555** | **1,040.16** | 5,089,907 | 115.91 |
| Administrative expenses | | **12,535,862** | **301.52** | 10,127,662 | 230.64 |
| **TOTAL EXPENSES** | | **55,780,417** | **1,341.69** | 15,217,569 | 346.55 |
| **NET LOSS FOR THE YEAR / PERIOD** | | **4,977,034** | **119.71** | 927,272 | 21.12 |
| Finance Cost | | **(26,244)** | **(0.63)** | (834) | (0.02 ) |
| **PROFIT/(LOSS) BEFORE INCOME TAX** | | **4,950,790** | **119.08** | 926,438 | 21.10 |
| Income tax expense | | **(1,058,938)** | **(25.47)** | (203,368) | (4.63) |
| **NET PROFIT/(LOSS) FOR THE YEAR** | | **3,891,852** | **93.61** | 723,070 | 16.47 |

## Statement of Changes in Equity For the Year Ended March 31, 2023

| Particulars | Issued and paid up share capital | | Deficit | | Total | |
|---|---|---|---|---|---|---|
| | Baht | Rs Lacs | Baht | Rs Lacs | Baht | Rs Lacs |
| **Balance as at March 31, 2021** | 3,750,000 | 90.20 | (925,952) | ( 22.27) | 2,824,048 | 67.93 |
| Cash contribution for share capital | 11,250,000 | 270.60 | - | - | 11,250,000 | 270.60 |
| Net loss for the period | - | - | 723,070 | 17.39 | 723,070 | 17.39 |
| **Balance as at March 31, 2022** | 15,000,000 | 360.79 | (202,882) | (4.88) | 14,797,118 | 355.91 |
| Net loss for the year | - | - | 3,891,852 | 93.61 | 3,891,852 | 93.61 |
| **Balance as at March 31, 2023** | **15,000,000** | **360.79** | **3,688,970** | **88.73** | **18,688,970** | **449.53** |

# THERMAX (THAILAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**1. General information**

Thermax (Thailand) Limited was incorporated as a limited company under Thai laws on March 9, 2020.

Its majority shareholder is Thermax Engineering Singapore Pte Ltd., a company incorporated in Singapore.

The Company operates its business in Thailand engaged in providing marketing and sales support services to affiliated and group companies, advisory services on business operations and engineering and technical services related to energy and environmental business.

The Company's registered address is at 43 Thai CC Tower, 24th Floor, Room No.245, South Sathorn, Yannawa Sub-District, Sathorn District, Bangkok .

Coronavirus disease 2019 Pandemic

The Coronavirus 2019 pandemic is resulting in an economic slowdown and adversely impacting most business and industries in many countries around the world. This situation may bring uncertainties and have an impact on the environment in which the business operates. The management has continuously monitored ongoing developments and assessed the financial impact in respect of the revenues and expenses, valuation of assets, provisions and contingent liabilities which using estimates and judgement in respect of various issues as the situation has evolved.

**2. Basis of preparation**

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-publicly Accountable Entities (TFRS for NPAEs) including the interpretation and accounting guidance promulgated by the Federation of Accounting Professions under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. Their presentation has been made in compliance with the stipulations announced by the Department of Business Development regarding "The Brief Particulars in the Financial Statements B.E. 2554" dated 28 September 2011, under the Accounting Act. B.E. 2543.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the related amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

**3. Significant accounting policies**

**3.1 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

**3.2 Trade accounts receivable**

Trade accounts receivable are carried at original invoice amount and subsequent measure at the remaining amount less allowance for doubtful accounts based on a review of all outstanding amounts at year end. The amount of the allowance is the difference between the carrying amount of the receivables and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statements of income.

**3.3 Equipment**

Equipment are stated at historical cost less accumulated depreciation and losses on decline in value (if any).

Depreciation is calculated so as to write - off the cost of the assets on a straight-line basis over their estimated useful lives for 5 years. No depreciation is provided on assets under construction and installation.

**3.4 Losses on decline in value**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised in the statement of income.

**3.5 Operating Lease**

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the lease term.

**3.6 Provisions**

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

Employee benefits

Obligations for retired benefits and other long-term employee benefits are recognised using the best estimate method at the reporting date.

**3.7 Foreign currencies**

Transactions during the year denominated in foreign currencies are translated into Thai Baht at the exchange rates ruling when the transactions were entered into. Monetary assets and liabilities denominated in foreign currencies are translated into Thai Baht at the exchange rates ruling at the statements of financial position date. Exchange gains or losses are included in the statements of income.

**3.8 Related parties transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**3.9 Revenues and expenses**

Service income, excluding value add tax, is recognized when service have been rendered taking into account the stage of completion.

Other income and expenses are recognised on the accrual basis.

**3.10 Income tax expense**

The Company calculates income taxes according to the Revenue Code and records them on the accrual basis.

**4. Trade and other receivables**

| | **2023** | **2022** |
|---|---|---|
| | **Baht** | **Baht** |
| **Trade accounts receivable** | | |
| Related parties | **23,164,023** | 16,573,702 |
| Other parties | 241,828 | 68,480 |
| | **23,405,851** | 16,642,182 |
| **Other receivables** | | |
| Advance payment | **105,000** | 263,800 |
| Prepaid expenses | **753,620** | 99,346 |
| | **858,620** | 363,146 |
| | **24,264,471** | 17,005,328 |

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Equipment

| | Furniture and fixtures | Office equipment | Total |
|---|---|---|---|
| | Baht | Baht | Baht |
| **COST** | | | |
| At start 01/04/22 | 85,665 | 196,199 | 281,864 |
| Additions | 19,294 | 46,126 | 65,420 |
| **At end 31/03/23** | **104,959** | **242,325** | **347,284** |
| **ACCUMULATED DEPRECIATION** | | | |
| At start 01/04/22 | 6,539 | 29,986 | 36,525 |
| Charge for the year | 20,037 | 44,492 | 64,529 |
| **At end 31/03/23** | **26,576** | **74,478** | **101,054** |
| NBV at start 01/04/22 | 79,126 | 166,213 | 245,339 |
| **NBV at end 31/03/23** | **78,383** | **167,847** | **246,230** |
| Depreciation - 2022 | | | 29,046 |
| **Depreciation - 2023** | | | **64,529** |

### 6. Bank overdrafts

As at March 31, 2023 bank overdrafts bearing interest at the rate of 6.35% per annum (2022: 6.75% per annum) is secured by majority shareholder.

### 7. Trade & Other payable

| | 2023 | 2022 |
|---|---|---|
| | Baht | Baht |
| Trade payables | | |
| Related parties | **221,586** | - |
| | **221,586** | - |
| Other payables | **407,600** | - |
| Unearned income | **798,466** | 673,792 |
| Accrued expenses | **1,206,066** | 673,792 |
| **Total** | **1,427,652** | 673,792 |

### 8. Other current liabilities

| | 2023 | 2022 |
|---|---|---|
| | Baht | Baht |
| Undue output tax | **1,531,224** | 1,088,741 |
| Value added tax payable | **9,868** | - |
| Withholding tax payable | **363,013** | 197,488 |
| Social security payable | **27,000** | 25,500 |
| Total | **1,931,105** | 1,311,729 |

### 9. Employee benefit obligations

| | 2023 | 2022 |
|---|---|---|
| | Baht | Baht |
| At beginning of the year | **1,003,299** | - |
| Provisions made | **422,401** | 1,003,299 |
| Unused amounts reversed | **(85,907)** | - |
| At ending of the year | **1,339,793** | 1,003,299 |

Employee benefit obligations recognised as expenses are calculated based on the last salary and length of employment in accordance with the conditions specified in the regulations of the Company and criteria for severance pay specified in the labour law, and taking into account the possibility that each employee will work with the Company until retirement.

### 10. Lease agreements

The Company has entered into office rental and service agreements and room rental agreement. Under the terms of the agreements, the Company has committed to pay monthly rental and service fees in accordance with the agreements.

The future aggregate minimum lease payments under operating leases are as follows:

| | 2023 | 2022 |
|---|---|---|
| | Thousand Baht | Thousand Baht |
| Not later than 1 year | **1,932** | 1,114 |
| Later than 1 year but not later than 5 years | **2,408** | 213 |
| | **4,340** | 1,327 |

### 11. Promotional Privileges

The Company received promotional privileges from the Board of Investment under a promotion certificate No.63-0854-1-00-0-0 approved on December 11, 2019, the Company was granted certain promotional privileges for investment promotion on trade and investment support office (TISO). Under these privileges, the Company is required to comply with the terms and conditions as specified in the promotion certificate.

According to the announcement of the Board of Investment No. 14/1998 dated December 30, 1998 regarding reporting of revenue under the promotional privileges, the Company is required to report separately revenues from domestic and export between its promotional and non-promotional activities. Details are as follows:

<u>For the year ended March 31, 2023</u>

| | Non-promoted operations | Promoted operations | TOTAL |
|---|---|---|---|
| | Baht | Baht | Baht |
| **SERVICES INCOME** | | | |
| Domestic services | 16,850,000 | 43,875,151 | 60,725,151 |
| **TOTAL** | **16,850,000** | **43,875,151** | **60,725,151** |

<u>For the year ended March 31, 2022</u>

| | Non-promoted operations | Promoted operations | TOTAL |
|---|---|---|---|
| | Baht | Baht | Baht |
| **SERVICES INCOME** | | | |
| Domestic services | - | 16,123,841 | 16,123,841 |
| **TOTAL** | **-** | **16,123,841** | **16,123,841** |

### 12. Approval of financial statements

These financial statements were authorized for issuance by the Company's director on April 27, 2023.

THERMAX

**Corporate Office**

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