VOLTAS
A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2022-2023

CONTENTS

UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED

Directors :
Mr. Vinayak Deshpande *(Chairman)*
Mr. Pradeep Kumar Bakshi *(Managing Director)*
Mr. Debendranath Sarangi
Mr. Shreeharsha V. Phene
Ms. Sandhya Shailesh Kudtarkar
Dr. Anoop Kumar Mittal

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Fortieth Annual Report and Audited Financial Statements for the year ended 31st March, 2023.

1. **Financial Results:**

₹ in crores

	2022-23 (Restated)	2021-22 (Restated)
Revenue from operations	**1773.27**	1592.02
Other income	**7.85**	5.42
Total expenses	**1545.64**	1413.45
Profit before Tax	**235.48**	183.99
Tax expense	**59.04**	47.57
Profit after Tax	**176.44**	136.42
Other Comprehensive Income (net of Income-tax)	**1.89**	0.13
Total Comprehensive Income	**178.33**	136.55

2. **Operations:**

(I) The Business Transfer Agreement (BTA) with Voltas Limited, holding company was consummated on 1st August, 2022 at a consideration of ₹ 1,190 crores, whereby the domestic B2B businesses relating to the Projects business comprising MEP, HVAC and Water projects, Textile Machinery Division (TMD) business and Mining & Construction Equipment (M&CE) business have been transferred from Voltas to the Company. Consequent upon consummation of BTA, the financial statements of the Company are restated as required under Ind AS 103. Accordingly, the Company has reported revenue of ₹ 1,773.27 crores for the year ended 31st March, 2023 as compared to ₹ 1,592.02 crores, last year. Profit Before Tax was ₹ 235.48 crores as compared to ₹ 183.99 crores in the previous year. Net Profit for the year ended 31st March, 2023 was ₹ 176.44 crores as compared to ₹ 136.42 crores last year. Pending orders for Electrical, Solar, MEP and Water projects as on 31st March, 2023 were ₹ 5,058 crores.

(II) During the year under review, the Company had issued and allotted 119 crores equity shares of ₹ 10 each aggregating ₹ 1,190 crores to Voltas Limited, holding company as Rights shares. Accordingly, the paid-up capital of the Company has increased to ₹ 1,341.83 crores, with Authorised Share Capital at ₹ 1,600 crores.

3. **Reserves:**

No amount is transferred to the General Reserve.

4. **Dividend:**

Keeping in view, the necessity to gain better understanding of the finer nuances of the new businesses transferred to the Company from Voltas upon consummation of BTA, including the risks and returns associated with the Projects business and expected increase in the scalability of business operations, the Directors recommend a dividend of 2.5% for the year 2022-23. The dividend would result in a cash outflow of ₹ 33.55 crores. The dividend on equity shares is subject to approval of the Members at the 40th Annual General Meeting (AGM) to be held on 16th June, 2023.

5. **Number of Board Meetings:**

During the year under review, 5 Board Meetings were held on 26th April, 2022; 25th July, 2022; 22nd October, 2022; 27th January, 2023 and 6th March, 2023.

6. **Directors and Key Managerial Personnel (KMP):**

In accordance with the provisions of the Companies Act, 2013 (Act), as amended from time to time and the Company's Articles of Association, Mr. Shreeharsha V. Phene and Ms. Sandhya Shailesh Kudtarkar retire by rotation and being eligible, offer themselves for re-appointment. Mr. Pradeep Kumar Bakshi (Managing Director) and Mr. Ajay Pandya (Chief Financial Officer) are the Key Managerial Personnel (KMPs) of the Company, in line with the requirements of Section 203 of the Act. Mr. Vishal Totla, the Company Secretary has tendered his resignation which has been accepted by the Board with effect from 12th May, 2023. The new Company Secretary is expected to join shortly.

7. **Declaration by Independent Director:**

Pursuant to Section 149(7) of the Act, the Company has received declaration from Dr. Anoop Kumar Mittal, Independent Director confirming that he meets the criteria of independence as specified in Section 149(6) of the Act. Dr. Mittal has also confirmed his registration with the Databank of Institute of Corporate Affairs in compliance with the requirements of the Companies (Appointment and Qualification of Directors) Rules, 2014.

8. **Audit Committee:**

The Audit Committee comprise Mr. Debendranath Sarangi (Chairman), Mr. Shreeharsha V. Phene and Dr. Anoop Kumar Mittal, Non-Executive Directors of the Company. The Board has accepted the recommendations made by the Audit Committee, from time to time. During the year under review, 4 Audit Committee Meetings were held on 26th April, 2022; 25th July, 2022; 22nd October, 2022 and 27th January, 2023. Mr. Debendranath Sarangi attended the 39th Annual General Meeting of the Company on 20th May, 2022 as Chairman of Audit Committee.

9. **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee (NRC) comprise Mr. Debendranath Sarangi (Chairman), Mr. Shreeharsha V. Phene, Non-Executive Directors and Mr. Pradeep Kumar Bakshi, Managing Director of the Company. During the year under review, 2 NRC Meetings were held on 26th April, 2022 and 6th March, 2023.

10. **Corporate Social Responsibility:**

Corporate Social Responsibility (CSR) Committee comprise Mr. Pradeep Kumar Bakshi (Chairman), Ms. Sandhya S. Kudtarkar and Mr. Shreeharsha V. Phene, Non-Executive Directors of the Company. The Company has adopted a CSR Policy which sets out the Company's commitment and approach towards CSR for improving the quality of life of the community it serves. In view of accumulated losses, the Company was not required to spend any amount on CSR during the year 2022-23. Therefore, Annual Report on CSR is not required.

11. Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director:

Based on the recommendation of NRC, the Board has adopted the Remuneration Policy for Directors, KMP and other Employees. NRC has also formulated the criteria for determining qualifications, positive attributes and independence of Director as well as the criteria for evaluation of individual Directors, the Board as a whole and Committees.

12. Manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors:

Pursuant to the provisions of the Act, the Board has carried out an evaluation of its own performance, Committees and performance of individual Directors.

The performance of the Board, Committees and individual Directors was evaluated by seeking inputs from all Directors based on certain parameters such as: Structure, Meetings, Functions of the Board, Board and Management. Feedback received from Directors was discussed at the NRC Meeting held on 6th March, 2023. Performance of Non-Executive Directors, including Chairman and the Board as a whole was also evaluated. The performance of Directors, the Board as a whole and various Committees was reviewed and deliberated at the Board Meeting on 6th March, 2023.

13. Statutory Auditors:

The Members had, at the 39th AGM of the Company held on 20th May, 2022, approved the appointment of S R B C & Co. LLP (SRBC) as Statutory Auditors for a second term of five years from the conclusion of 39th AGM till the conclusion of 44th AGM of the Company to be held in the year 2027. The Auditor's Report for 2022-23 does not contain any qualification, reservation or adverse remark.

14. Secretarial Auditor:

M/s. N L Bhatia & Associates, Practicing Company Secretaries were appointed as Secretarial Auditor to undertake Secretarial Audit of the Company for the year 2022-23. Their Secretarial Audit Report, in prescribed Form No. MR-3 is enclosed as Annexure I. Their Report does not contain any qualification, reservation or adverse remark. The Board has re-appointed them as Secretarial Auditor of the Company for the year 2023-24.

15. Risk Management:

In the opinion of the Board, there are no foreseeable risks which could impact the existence of the Company or its businesses. The Board has at its Meeting held on 27th January, 2023 constituted a Project Committee comprising Mr. Vinayak Deshpande (Chairman) and Mr. Pradeep Kumar Bakshi, Managing Director (Member) to review the projects under the Infrastructure Solutions vertical of the Company.

16. Annual Return:

Pursuant to the provisions of Sections 92 and 134(3)(a) of the Act as amended, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Company is required to place the Annual Return in prescribed Form No. MGT-7 on the website of the Company, if any and therefore not required to be annexed to the Directors Report. As the Company presently does not have any website, the copy of the Annual Return is kept open for inspection by the Members at the Registered office of the Company during business hours on all working days.

17. Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The particulars with respect to conservation of energy, technology absorption being not relevant, have not been given. Foreign exchange earnings and outgo during 2022-23 were as under:

Earnings in foreign exchange:	₹ 45.58 crores
Expenditure in foreign currency:	₹ 18.20 crores
Value of import on CIF basis:	₹ 4.27 crores

18. Details of establishment of vigil mechanism for directors and employees:

The Company is not required to establish a vigil mechanism for Directors and employees. However, the Company provides a free and conducive environment to its employees and is open to address their issues/grievances (if any).

19. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance for sexual harassment at workplace and has adopted a 'Respect for Gender' Policy on prevention, prohibition and redressal of sexual harassment. The Company has constituted an Internal Committee in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Company has not received any complaint on sexual harassment during the year 2022-23.

20. Particulars of contracts or arrangements with related parties:

All related party transactions (except BTA) during the year 2022-23 were in the ordinary course of business. For transfer of domestic B2B businesses of Voltas to the Company through BTA, all requisite approvals of the Audit Committee and Board of Directors were obtained and the transaction was at arm's length. Details in prescribed Form No. AOC-2 is annexed to this Report as Annexure II.

21. Secretarial Standards:

The Company has complied with the provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

22. Proceedings under Insolvency and Bankruptcy Code, 2016:

There are no proceedings filed by the Company or against the Company which are pending under the Insolvency and Bankruptcy Code, 2016, as amended, before National Company Law Tribunal or other Courts as on 31st March, 2023.

23. Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future:

During the year under review, no material Orders were passed by the Regulators/ Courts/ Tribunals, impacting the Company's going concern status and future operations.

24. Directors' Responsibility Statement:

Based on the compliance systems established and maintained by the Company, work performed by Internal, Statutory and Secretarial Auditors, including audit of internal financial controls over financial reporting by Statutory Auditors, the reviews performed by the Management/Audit Committee and the representations received from the Operating Management, the Board, pursuant to Section 134(5) of the Act confirm that:

(i) in the preparation of the annual accounts for the year ended 31st March, 2023, the applicable accounting standards had been followed and that there were no material departures;

(ii) they have, in the selection of accounting policies consulted the Statutory Auditors and have applied their recommendations consistently and made judgements 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 financial year and of the profit of the Company for that period;

(iii) they have taken proper and sufficient care to the best of their knowledge and ability for the 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 fraud and other irregularities;

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

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

25. General:

As regards item of Special Business in the Notice of 40th AGM, the Resolution incorporated in the Notice and the Explanatory Statement annexed thereto fully indicate the reasons for seeking the approval of the Members to the proposal. Attention of the Members is drawn to the said Resolution.

On behalf of the Board of Directors
Vinayak Deshpande
Chairman

Mumbai, 24th April, 2023

ANNEXURE - I
SECRETARIAL AUDIT REPORT
Form No. MR-3
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 OF

UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Universal MEP Projects & Engineering Services Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner as required under Auditing Standards 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 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2023 according to the provisions of:

(1) The Companies Act, 2013 (the Act) and the Rules made thereunder including amendments made from time to time;

(2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder; **Not applicable to the Company, for the period under review.**

(3) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

(4) 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 Borrowing; - **Not applicable to the Company, for the period under review.**

(5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **Not applicable to the Company, for the period under review, unless mentioned.**

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

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

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

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

(e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Benefits and Sweat Equity) Regulations, 2021;

(6) Other Laws applicable to the Company, as provided under Annexure-I of this report.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

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

We further report that the Board of Directors of the Company is duly constituted. The change in the composition of the Board of Directors and Key Managerial Personnel during the year is in compliance with the Act and the rules made thereunder.

During the period under review, following changes were affected in the Board:

Appointment of Mr. Vinayak Deshpande was regularized as Non-Executive Director and also Chairman of the Company at the 39th Annual General Meeting held on 20th May, 2022.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meetings and for meaningful participation at the Meetings.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes. All decisions were passed unanimously at both Board and General Meetings.

We 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.

We further report that during the audit period, the Company has issued and allotted 119 crores equity shares of ₹ 10 each aggregating ₹ 1,190 crores to Voltas Limited, holding company, on Right basis.

For **M/s N L Bhatia & Associates**
Practicing Company Secretaries
UIN: P1996MH055800
PR NO. 700/2020

Bhaskar Upadhyay
Partner
FCS: 8663
CP. No. 9625
UDIN: F008663E000174928
Mumbai, 24th April, 2023

Annexure-I
List of Other applicable laws:

1. Labour Welfare Act, 1953.
2. The Professional Tax Act (State Specific).
3. Shops & Establishment Act (State Specific).
4. Child Labour (Prohibition and Regulation) Act, 1986 and Rules.
5. Contract Labour (Regulation and Abolition) Act, 1970 and Rules.
6. Employees Compensation Act, 1923.
7. Employees' Provident Funds Act and Miscellaneous Provisions Act, 1952.
8. Employees' State Insurance Act, 1948, Rules and Regulations.
9. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
10. Equal Remuneration Act, 1976.
11. The House-Rent Allowance Act.
12. The Payment of Gratuity Act, 1972.
13. Maternity Benefit Act, 1961 and Rules.
14. Minimum Wages Act, 1948 and State Rules.
15. Payment of Bonus Act, 1965 and Rules.
16. Payment of Wages Act, 1936 and Rules.
17. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
18. The Apprentices Act, 1961 and State Rules.
19. E-waste Management Rules, 2016.
20. Goods and Service Tax Act.
21. Personal injuries (Compensation Insurance) Act, 1963.
22. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996.

TO
THE MEMBERS OF
UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED

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

(1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.

(2) We have followed the audit practices and processes as were appropriate and as required under Auditing Standards 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) Where ever 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 the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **M/s N L Bhatia & Associates**
Practicing Company Secretaries
UIN: P1996MH055800
PR NO. 700/2020

Bhaskar Upadhyay
Partner
FCS: 8663
CP. No. 9625
UDIN: F008663E000174928
Mumbai, 24th April, 2023

Annexure II
Form No. AOC-2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

   The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2022-23.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

   (a) Name(s) of the related party and nature of relationship
   Voltas Limited, Holding company.

   (b) Nature of contracts/arrangements/transactions
   Refer Note No. 35 of the financial statements for the year ended 31st March, 2023.

   (c) Duration of the contracts/arrangements/transactions:
   Ongoing transactions.

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   The Company undertakes execution of Infrastructure Solutions projects. For value of transactions, Refer Note 35 of the financial statements for the year ended 31st March, 2023.

   (e) Date(s) of approval by the Board, if any:
   Not Applicable, since the transactions are in the ordinary course of business and on arm's length basis.

   (f) Amount paid as advances, if any: Nil

On behalf of the Board of Directors
Vinayak Deshpande
Chairman

Mumbai, 24th April, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Universal MEP Projects & Engineering Services Limited** ("the Company"), which comprises 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Board of Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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) With respect to the adequacy of the internal financial controls with reference to these Ind AS 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 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;

   (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, 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 Ind AS financial statements – Refer Note 32 to the Ind AS 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;

(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, as disclosed in the Note 44(v) to the Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other 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, as disclosed in the Note 44(vi) to the Ind AS financial statements, 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) As stated in Note 46 to the Ind AS financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

(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 Dolphy D'Souza
Partner
Membership Number: 038730

UDIN: 23038730BGYSND8809

Mumbai, April, 24, 2023

ANNEXURE '1' REFERRED TO IN PARAGRAPH UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

RE: UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES 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) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed 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 (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. In our opinion the coverage and the procedure of such verification by the management is appropriate. No discrepancies were noted on such physical verification.

(b) As disclosed in note 31 to the financial statements, the Company has been sanctioned working capital limits in excess of INR five crores in aggregate from banks 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 are in agreement with the books of accounts of the Company.

(iii) 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), (b), (c), (d), (e) and (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 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, employees' state insurance, income-tax, customs duty, 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.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, cess, and other statutory dues which have not been deposited on account of any dispute. The disputed dues in respect to sales tax are as follows:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount involved (₹ in lakhs)	Amount unpaid (₹ in lakhs)
Sales Tax Act	Central Sales Tax, Value Added Tax, Works Contract Tax, Trade Tax and Entry Tax (including penalty and interest)	Appellate Tribunal	2001-02 to 2002-03, 2005-06, 2007-08 to 2014-15, 2017-18	1,423	859
		Commissioner of Appeals	2005-06 to 2009-10, 2011-12 to 2016-17	4,200	3,650
		High Court	1997-98, 2001-02 to 2010-11, 2012-13, 2014-15	1,351	1,074

(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 wilful 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 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) and (f) of the Order are 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 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 Companies Act, 2013 has been filed by 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) 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 Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a)(b)(c) of the Order are 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 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 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 (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 Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(d) According to the information and explanation given to us by the Management, the Group has five CIC's which are registered with Reserve Bank of India and 1 CIC which is not required to be registered with Reserve Bank of India.

(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 42 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 43 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 43 to the financial statements.

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

per Dolphy D'Souza
Partner
Membership Number: 038730
UDIN: 23038730BGYSND8809

Mumbai, April, 24, 2023

ANNEXURE '2' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF UNIVERSAL MEP PROJECTS & ENGINEERING SERVICES LIMITED

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 Ind AS financial statements of Universal MEP Projects & Engineering Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS 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 Ind AS financial statements.

Meaning of Internal Financial Controls With Reference to these Ind AS Financial Statements

A company's internal financial controls with reference to Ind AS 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Ind AS 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 Ind AS financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS 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 Ind AS financial statements and such internal financial controls with reference to Ind AS 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 Dolphy D'Souza
Partner
Membership Number: 038730
UDIN: 23038730BGYSND8809

Mumbai, April, 24, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

	Notes	₹ In Lakhs	As at 31-3-2022 (Refer Note 45) ₹ In Lakhs
A. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, plant and equipment	4A	**534.05**	447.67
(b) Intangible assets	4A	**47.92**	3.19
(c) Right-of-use assets	4B	**1.34**	11.55
(d) Financial assets			
Other financial assets	5A	**166.61**	10.86
(e) Income tax assets (net)	6	**433.05**	272.68
(f) Deferred tax assets (net)	7	**2,448.10**	3,379.68
(g) Other non-current assets	8A	**1,506.70**	907.97
Total non-current assets		**5,137.77**	5,033.60
2. CURRENT ASSETS			
(a) Inventories	9	**3,849.08**	3,280.51
(b) Financial assets			
(i) Trade receivables	10	**55,324.89**	34,555.03
(ii) Cash and cash equivalents	11	**28,531.11**	8,110.15
(iii) Loans	12	**5.59**	4.62
(iv) Other financial assets	5B	**395.00**	557.52
(c) Contract assets	13	**40,439.84**	30,442.51
(d) Other current assets	8B	**7,305.99**	7,451.43
Total current assets		**1,35,851.50**	84,401.77
TOTAL ASSETS		**1,40,989.27**	89,435.37
B. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity share capital	14	**1,34,182.58**	15,182.58
(b) Other equity	15	**(90,328.38)**	(1,08,881.83)
Total equity		**43,854.20**	(93,699.25)
2. LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial liabilities			
Lease Liabilities	16A	**—**	1.73
(b) Provisions	17	**367.60**	21.97
Total non-current liabilities		**367.60**	23.70
3. CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Lease Liabilities	16B	**1.73**	12.72
(ii) Trade payables	18		
— total outstanding dues of micro enterprises and small enterprises		**13,538.59**	4,328.90
— total outstanding dues of creditors other than micro enterprises and small enterprises		**49,588.05**	46,644.51
(iii) Other financial liabilities	19	**184.96**	1,19,020.89
(b) Provisions	20	**1,526.03**	1,485.31
(c) Other current liabilities	21	**2,441.65**	9.97
(d) Contract liabilities	22	**28,837.70**	11,608.62
(e) Income tax liabilities (net)	23	**648.76**	—
Total current liabilities		**96,767.47**	1,83,110.92
Total Liabilities		**97,135.07**	1,83,134.62
TOTAL EQUITY AND LIABILITIES		**1,40,989.27**	89,435.37
Significant Accounting Policies	2		

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

As per our report of even date
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

per Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 24th April, 2023

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)
Place : Delhi

Pradeep Kumar Bakshi
Managing Director
(DIN: 02940277)
Place : Mumbai

Ajay Pandya
Chief Financial Officer
Place : Mumbai

Vishal Totla
Company Secretary
Place : Mumbai

Date : 24th April, 2023

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

		Notes	₹ In Lakhs	2021-22 (Refer Note 45) ₹ In Lakhs
	INCOME			
I	**Revenue from operations**	24	**1,77,326.87**	1,59,201.71
II	**Other income**	25	**785.28**	542.06
III	**TOTAL INCOME (I + II)**		**1,78,112.15**	1,59,743.77
	EXPENSES			
	(a) Consumption of materials, cost of jobs and services		**1,17,106.62**	98,899.93
	(b) Purchase of stock-in-trade		**17,339.90**	23,464.54
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	**(578.01)**	(86.80)
	(d) Employee benefit expense	27	**13,034.27**	11,966.52
	(e) Finance costs	28	**163.74**	68.59
	(f) Depreciation and amortisation expense	4A & 4B	**130.02**	158.73
	(g) Other expenses	29	**7,367.89**	6,873.51
IV	**TOTAL EXPENSES**		**1,54,564.43**	1,41,345.02
V	**PROFIT BEFORE TAX (III - IV)**		**23,547.72**	18,398.75
	TAX EXPENSE			
	(a) Current tax expense		**5,049.92**	4,602.53
	(b) Deferred tax charge		**853.77**	153.90
VI	**TOTAL TAX EXPENSE**	37	**5,903.69**	4,756.43
VII	**NET PROFIT FOR THE YEAR (V - VI)**		**17,644.03**	13,642.32
	OTHER COMPREHENSIVE INCOME			
	Items that will not be reclassified to profit or loss:			
	(a) Re-measurement gains/ (losses) on defined benefit plans		**267.20**	19.61
	(b) Income tax effect on (a) above		**(77.81)**	(6.85)
VIII	**OTHER COMPREHENSIVE INCOME (NET OF TAX)**		**189.39**	12.76
IX	**TOTAL COMPREHENSIVE INCOME [NET OF TAX] (VII + VIII)**		**17,833.42**	13,655.08
X	**EARNINGS PER EQUITY SHARE**			
	Basic and Diluted (₹) (Face value ₹ 10/- per share)	34	**1.94**	8.99
	Significant Accounting Policies	2		

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

As per our report of even date
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

per Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 24th April, 2023

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)
Place : Delhi

Pradeep Kumar Bakshi
Managing Director
(DIN: 02940277)
Place : Mumbai

Ajay Pandya
Chief Financial Officer
Place : Mumbai

Vishal Totla
Company Secretary
Place : Mumbai

Date : 24th April, 2023

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

A. Equity share capital

	₹ In Lakhs
Balance as at 1st April, 2021	15,182.58
Issue of equity share capital	—
Balance as at 31st March, 2022	15,182.58
Issue of equity share capital	1,19,000.00
Balance as at 31st March, 2023	**1,34,182.58**

B. Other equity

₹ In Lakhs

	Reserves and surplus (Refer Note 15)					
	General Reserve	**Securities Premium**	**Retained Earnings**	**Capital Reserve (Refer Note 45)**	**Equity component of liability**	**Total other equity**
Balance as at 1st April, 2021	2,053.76	341.13	(7,104.48)	(1,18,999.99)	4,053.99	(1,19,655.59)
Profit for the year	—	—	13,642.32	—	—	13,642.32
Other Comprehensive Income for the year	—	—	12.76	—	—	12.76
Total Comprehensive Income for the year	—	—	13,655.08	—	—	13,655.08
Contribution / (Distribution) (Refer Note 45)	—	—	(2,881.32)	—	—	(2,881.32)
Transfer from retained earnings (Refer Note 45)	—	—	(9,990.71)	9,990.71	—	—
Balance as at 31st March, 2022	2,053.76	341.13	(6,321.43)	(1,09,009.28)	4,053.99	(1,08,881.83)
Profit for the year	—	—	17,644.03	—	—	17,644.03
Other Comprehensive Income for the year	—	—	189.39	—	—	189.39
Total Comprehensive Income for the year	—	—	17,833.42	—	—	17,833.42
Contribution / (Distribution) (Refer Note 45)	—	—	720.03	—	—	720.03
Transfer from retained earnings (Refer Note 45)	—	—	(4,105.26)	4,105.26	—	—
Balance as at 31st March, 2023	**2,053.76**	**341.13**	**8,126.76**	**(1,04,904.02)**	**4,053.99**	**(90,328.38)**

Significant accounting policies Note 2

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

As per our report of even date
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

per Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 24th April, 2023

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)
Place : Delhi

Pradeep Kumar Bakshi
Managing Director
(DIN: 02940277)
Place : Mumbai

Ajay Pandya
Chief Financial Officer
Place : Mumbai

Vishal Totla
Company Secretary
Place : Mumbai

Date : 24th April, 2023

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

		₹ In Lakhs	2021-22 (Refer Note 45) ₹ In Lakhs
A.	**Cash flow from Operating Activities**		
	Profit before tax	**23,547.72**	18,398.75
	Adjustments to reconcile profit before tax to net cash flows:		
	Unclaimed credit balances written back	**(9.25)**	(80.94)
	Interest income	**(30.25)**	(15.32)
	Finance costs	**163.74**	68.59
	Depreciation and amortisation expenses	**130.02**	158.73
	Expected credit loss for trade receivable and contract assets & Advance written off	**1,645.50**	972.67
	Allowance for doubtful debts and advances	**10.47**	133.90
	Impairment loss on financial assets	**0.90**	—
	Property, plant and equipment written off	**2.12**	0.62
	Operating profit before working capital changes	**25,460.97**	19,637.00
	Working capital adjustments:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade receivables	**(20,802.68)**	(1,793.62)
	Inventories	**(568.57)**	(76.16)
	Other Financial assets	**5.24**	(574.85)
	Contract assets	**(9,997.33)**	(6,154.12)
	Other current assets	**(2,076.43)**	(2,581.04)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	**12,882.50**	3,297.87
	Provision	**575.73**	1,347.15
	Other Financial liabilities	**164.08**	20.89
	Other current liability	**2,431.68**	(31.96)
	Contract liability	**17,229.08**	(614.54)
	Cash generated from operations	**25,304.28**	12,476.63
	Income tax refund/(paid)	**(4,483.72)**	(5,093.70)
	Net cash flow generated from operating activities (A)	**20,820.56**	7,382.93
B.	**Cash flow from Investing Activities**		
	Purchase of property, plant and equipment and intangibles	**(252.77)**	(47.33)
	Proceeds from sale of property, plant and equipment	**(0.28)**	1.16
	Interest received	**30.25**	15.32
	Investment in fixed deposits (margin money)	**(0.34)**	(0.32)
	Net cash generated from/ (used in) investing activities (B)	**(223.14)**	(31.17)
C.	**Cash flow from Financing Activities**		
	Proceeds from short-term borrowings	**1,19,000.00**	556.30
	Repayment of short-term borrowings	**(1,19,000.00)**	(556.30)
	Proceeds from issue of Equity Share capital	**1,19,000.00**	—
	Purchase consideration paid for business acquisition (Refer Note 45)	**(1,19,000.00)**	—
	Repayment of principal portion of lease liabilities	**(12.72)**	(11.99)
	Interest paid	**(163.74)**	(68.59)
	Net cash used in financing activities (C)	**(176.46)**	(80.58)
	Net increase in cash and cash equivalents (A+B+C)	**20,420.96**	7,271.18
	Cash and cash equivalents at the beginning of the year	**8,110.15**	838.97
•	**Cash and cash equivalents at the end of the year (Refer Note 11)**	**28,531.11**	8,110.15
•	**Components of Cash and cash equivalents**		
	- Balances with bank in current account	**4,631.11**	1,610.15
	- Deposits with original maturity of less than three months	**23,900.00**	6,500.00
		28,531.11	8,110.15

Footnotes : (i) There are no non-cash investing and financing transactions during the current and previous year.
(ii) Refer Note 11 (ii) for Change in liabilities arising from financing activities.

Significant accounting policies Note 2

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

As per our report of even date
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

per Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 24th April, 2023

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)
Place : Delhi

Pradeep Kumar Bakshi
Managing Director
(DIN: 02940277)
Place : Mumbai

Ajay Pandya
Chief Financial Officer
Place : Mumbai

Vishal Totla
Company Secretary
Place : Mumbai

Date : 24th April, 2023

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023

1A. CORPORATE INFORMATION

Universal MEP Projects & Engineering Services Limited (the "Company") is a public limited company incorporated in India. The registered address of the Company is Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400033.

The Company is a wholly owned subsidiary of Voltas Limited and is predominately engaged in the business of Engineering, Procurement and Construction relating to projects of rural electrification and distribution, power augmentation and separation, substations and industrial electrification, solar projects, electro-mechanical projects, etc including supply of materials.

The financial statements for the year ended 31st March, 2023 were approved by the Board of Directors and approved for issue on 24th April, 2023.

1B. BASIS OF PREPARATION

The financial statements have been 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, (Ind AS compliant Schedule III), as applicable to the financial statements. Restatement of financial statements has been undertaken in accordance with Ind AS 103 (as detailed in Para T hereunder).

The financial statements have been prepared on an accrual basis and under the historical cost convention except for certain financial assets and liabilities that are measured at fair value (refer accounting policy regarding financial instruments).

The accounting policies adopted for preparation and presentation of financial statement have been consistent with the previous year.

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

1C. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(A) 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. The Company has concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3 below.

(a) Revenue from Construction contracts

Performance obligation in case of revenue from long - term construction contracts is satisfied over the period of time, since the Company creates an asset that the customer controls as the asset is created and the Company has an enforceable right to payment for performance completed to date if it meets the agreed specifications.

Revenue from long term construction contracts, where the outcome can be estimated reliably and 20% of the project cost is incurred, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity.

The stage of completion is measured by input method i.e. the proportion that costs incurred to date bear to the estimated total costs of a contract. The total costs of contracts are estimated based on technical and other estimates. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss immediately.

Contract revenue earned in excess of billing is reflected under as "contract asset" and billing in excess of contract revenue is reflected under "contract liabilities". Retention money receivable from project customers does not contain any significant financing element, these are retained for satisfactory performance of contract.

In case of long - term construction contracts, payment is generally due upon completion of milestone as per terms of contract. In certain contracts, short-term advances are received before the performance obligation is satisfied.

(b) Sale of goods

Revenue from sale of goods are recognised at the point in time when control of the asset is transferred to the customer, generally on transfer of the goods. The normal credit term is 30 to 90 days upon delivery.

(c) Interest Income

Interest income is recognised using the effective interest method.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

(B) 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.

The amount recognised as contract assets is reclassified to trade receivables once the amounts are billed to the customer as per the conditions of the contract. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (L) Impairment.

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). Refer to accounting policies of financial assets in section (K) Financial instruments – initial recognition and subsequent measurement.

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 performs under the contract.

(C) FAIR VALUE MEASUREMENT

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:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 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) EMPLOYEE BENEFITS

(a) **Post-employement benefits costs and termination benefits:**

(i) Defined Contribution Plans:

Payments to defined benefit contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Company operates following defined contribution plans:

Provident and Pension Fund: The eligible employees of the Company are entitled to receive benefits under provident fund schemes which are in substance, defined contribution plans, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. The Company is generally liable for annual contributions.

(ii) Defined Benefit Plans

The Company's liabilities towards gratuity is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period.

Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

(D) EMPLOYEE BENEFITS (contd.)

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item "Employee Benefits Expenses". Curtailment gains and losses are accounted for as past service costs.

The defined benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans.

Termination benefits are recognised as an expense in the statement of profit and a liability is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(b) **Short term and other long-term employee benefits**

Benefits accruing to employees in respect of wages, salaries and compensated absences and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit expected to be paid in exchange of related service. Where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method at the present value of the estimated future cash flow expected to be made by the Company in respect of services provided by employees up to the reporting date.

(E) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes and any directly attributable cost of bringing an asset to working condition and location for its intended use.

Projects under which the property, plant and equipment is not yet ready for their intended use are carried as capital work in progress at cost determined as aforesaid.

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation is recognised so as to write off the depreciable amount of assets (other than freehold land and assets under construction) over the useful lives using the straight-line method. The estimated useful lives are as follows:

Assets	**Useful life**
Plant and Equipment	8-15 years
Office Equipment	3-15 years
Furniture and fixtures	10 years
Vehicles	8 years

The useful life as estimated above is aligned to the prescribed useful life specified under Schedule II of the Companies Act, 2013.

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

(F) 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 amortisation and accumulated impairment, if any.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Estimated useful life of software considered is 5 years.

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

(G) FOREIGN CURRENCY

The Company's financial statements are presented in ₹ which is also the Company's functional currency.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary items denominated in a foreign currency are measured at historical cost and translated at exchange rate prevalent at the date of transaction.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

(H) 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 recognises 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 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. Refer to the accounting policies in section (L) Impairment of non-financial assets.

(ii) 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 Interest-bearing loans and borrowings.

(iii) 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 recognised as expense on a straight-line basis over the lease term.

(I) TAXES ON INCOME

Current Income Tax

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. 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 country where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 Balance Sheet approach 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 recognised 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 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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.

(I) TAXES ON INCOME (contd.)

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss. 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. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised 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.

Minimum Alternate Tax

According to section 115JAA of the Income Tax Act, 1961, Minimum Alternative Tax (MAT) paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set off against normal income tax liability. The MAT credit asset is assessed against the Company's normal income tax during the specified period.

(J) PROVISIONS AND CONTINGENCIES

Provisions

Provisions are recognised in the Statement of Profit and Loss when there is a present obligation (legal or constructive) as a result of past event, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

Warranty (Trade Guarantees)

The estimated liability for warranty is recorded when the project is completed. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions and is reviewed annually. The timing of outflows will vary as and when warranty claims arise.

Contingencies

Contingent liabilities exist when there is a possible obligation arising from past events, 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 past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

(K) 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 and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 Ind AS 115. Refer to the accounting policies in section (A) Revenue from contracts with customers and (B) Contract Balances.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

- **Financial assets at amortised cost**

  Financial assets are subsequently measured at amortised cost if these financial assets are 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 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 amortised cost using the Effective Interest Rate (EIR) method. Amortised 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 amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade receivables, loans and other financial assets.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

(K) FINANCIAL INSTRUMENTS (contd.)

- **De-recognition**

  The Company de-recognises a financial asset when the rights to receive cash flows from the asset have expired or it transfers the right to receive the contractual cash flow on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  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, as appropriate.

  All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

- **Classification as debt or equity**

  Debt and equity instruments issued by entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

- **Equity instruments**

  An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by entity are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

- **Subsequent measurement**

  The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

  Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such 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 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 recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Financial liabilities at amortised cost**

  After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are de-recognised as well as through the EIR amortisation process.

  Amortised 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 amortisation is included as finance costs in the Statement of Profit and Loss.

- **De-recognition**

  A financial liability is de-recognised 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 a new liability. The difference in the respective carrying amounts is recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- **Reclassification of financial instrument**

  The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

(L) IMPAIRMENT

(a) Financial assets and contract assets

The Company assessed the expected credit losses associated with its assets carried at amortised cost and fair value through other comprehensive income based on the Company's past history of recovery, credit worthiness of the counter party and existing and future market conditions.

For all financial assets other than trade receivables and contract assets, expected credit losses are measured at an amount equal to the 12-month expected credit loss (ECL) unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. For trade receivables and contract assets, the Company has applied the simplified approach for recognition of impairment allowance as provided in Ind AS 109 which requires the expected lifetime losses from initial recognition of the receivables and contract assets.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

(b) 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.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

(M) CASH AND CASH EQUIVALENT

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.

(N) EARNING PER SHARE (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

(O) SEGMENT REPORTING

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance. The Board of Director has been identified as the CODM.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

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

(P) BORROWING COST

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 capitalised 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.

(Q) INVENTORY

Inventories are valued at cost or net realisable value, whichever is lower. Cost being worked out determined based on weighted average basis. Cost includes all charges incurred for bringing the goods to their present location and condition are accounted as follows:

- Raw materials and traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

(R) DIVIDEND

Provision is made for the amount of any final dividend declared, being appropriately authorised in Annual General Meeting and no longer at the discretion of the Company.

(S) OPERATING CYCLE

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Operating cycle for the business activities of the Company covers the duration of the specific project/contract that usually exceeds one year. Accordingly, assets and liabilities related to these project/contracts, which will not be realised/paid within one year, have been classified as current.

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
- 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 treated as current when:

- It is expected to be settled in the 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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(T) BUSINESS COMBINATION

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonise the accounting policies. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve.

2A. Recent Pronouncements issued but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31st March 2023 to amend the following Ind AS which are effective from 1st April, 2023.

(i) Definition of Accounting Estimates - Amendments to Ind AS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

(ii) Disclosure of Accounting Policies - Amendments to Ind AS 1

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1st April, 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1st April, 2023.

The amendments are not expected to have a material impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are 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 amount of assets and liabilities within the next financial year.

Construction contracts

Cost to complete

Management estimates the costs to complete for each project for the purpose of revenue recognition and recognition of anticipated losses on projects, if any. In the process of calculating the cost to complete, Management conducts regular and systematic reviews of actual results and future projections with comparison against budget. This process requires monitoring controls including financial and operational controls and identifying major risks facing the Company and developing and implementing initiatives to manage those risks.

Percentage of completion

Management's estimate of the percentage of completion on each project for the purpose of revenue recognition is through conducting some weight analysis to assess the actual quantity of the work for each activity performed during the reporting period and estimate any future costs for comparison against the initial project budget. This process requires monitoring of financial and operational controls. Management is of the opinion that the percentage of completion of the projects is fairly estimated.

As required by Ind AS 115 in applying the percentage of completion on its long-term projects, the Company is required to recognize any anticipated losses on it contracts.

Impairment of financial assets

The Company's management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the Statement of Profit and Loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty. Details of impairment provision on trade receivable and contract assets are given in Note 10 and Note 13.

Litigations

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each Balance Sheet date and revisions made for the changes in facts and circumstances. Provision for litigations and contingent liabilities are disclosed in Note 20.

Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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. All assumptions are reviewed at each Balance Sheet date and disclosed in Note 36.

Useful lives of property, plant and equipment and intangible assets

The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

4A. Property, Plant and Equipment (Owned, unless otherwise stated) and Intangible assets

₹ In Lakhs

	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total Property, Plant and Equipment	Intangible Asset (Software)
Gross carrying amount							
As at 1st Apri, 2021	228.79	708.19	293.61	878.02	50.52	2,159.13	58.39
Additions	—	—	2.04	45.29	—	47.33	—
Disposals	—	—	—	(33.90)	—	(33.90)	—
As at 31st March, 2022	228.79	708.19	295.65	889.41	50.52	2,172.56	58.39
Gross carrying amount							
As at 1st April, 2022	228.79	708.19	295.65	889.41	50.52	2,172.56	58.39
Additions	—	—	6.19	193.50	—	199.69	53.07
Disposals	—	—	—	(26.33)	(11.54)	(37.87)	—
As at 31st March, 2023	**228.79**	**708.19**	**301.84**	**1,056.58**	**38.98**	**2,334.38**	**111.46**
Accumulated Depreciation							
As at 1st April, 2021	98.70	558.02	218.46	687.47	48.05	1,610.70	54.26
Charge for the year	7.61	31.97	16.78	89.95	—	146.31	0.94
Disposals	—	—	—	(32.12)	—	(32.12)	—
As at 31st March, 2022	106.31	589.99	235.24	745.30	48.05	1,724.89	55.20
Accumulated Depreciation							
As at 1st April, 2022	106.31	589.99	235.24	745.30	48.05	1,724.89	55.20
Charge for the year	7.61	19.84	11.93	72.09	—	111.47	8.34
Disposals	—	—	—	(25.01)	(11.02)	(36.03)	—
As at 31st March, 2023	**113.92**	**609.83**	**247.17**	**792.38**	**37.03**	**1,800.33**	**63.54**
Net carrying amount as at 31st March, 2023	**114.87**	**98.36**	**54.67**	**264.20**	**1.95**	**534.05**	**47.92**
Net carrying amount as at 31st March, 2022	122.48	118.20	60.41	144.11	2.47	447.67	3.19

Footnotes : (i) The above assets are hypothecated and mortagaged against the sanctioned bank limits. (Refer Note 31).

(ii) On transition to Ind AS (i.e.1st April, 2015), the Company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

4B. Right-of-use Assets

₹ In Lakhs

	Buildings	Total
Gross carrying amount		
As at 1st April, 2021	38.14	38.14
Additions	—	—
As at 31st March, 2022	38.14	38.14
Gross carrying amount		
As at 1st April, 2022	38.14	38.14
Additions	—	—
As at 31st March, 2023	**38.14**	**38.14**
Accumulated Depreciation		
As at 1st April, 2021	15.11	15.11
Charge for the year	11.48	11.48
As at 31st March, 2022	26.59	26.59
Accumulated Depreciation		
As at 1st April, 2022	26.59	26.59
Charge for the year	10.21	10.21
As at 31st March, 2023	**36.80**	**36.80**
Net carrying amount as at 31st March, 2023	**1.34**	**1.34**
Net carrying amount as at 31st March, 2022	11.55	11.55

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

5. Other financial assets (At amortised cost)

		As at 31-3-2022
	₹ in Lakhs	₹ in Lakhs
(A) Non-current (Unsecured, considered good unless otherwise stated)		
Deposits	**155.41**	—
Deposits (Credit impaired)	**60.40**	59.82
	215.81	59.82
Less : Impairment allowance (Credit impaired)	**60.40**	59.82
	155.41	—
Fixed deposits with remaining maturity of more than 12 months (maturities)*	**11.20**	10.86
	166.61	10.86

* The balances are lien marked and thus classified as non-current

(B) Current (Unsecured, considered good unless otherwise stated)		
Deposits	**367.96**	534.65
Claims receivable from customer	**22.87**	22.87
Claims receivable from customer (Credit impaired)	**175.14**	175.14
Less: Impairment allowance (Credit impaired)	**(175.14)**	(175.14)
Interest receivable	**4.17**	—
	395.00	557.52

Note:

The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 31.

Footnote :

Claims receivable from customer includes receivable from holding company of ₹ 22.87 lakhs (March 2022 : ₹ 22.87 lakhs).

6. Income tax assets (net)

		As at 31-3-2022
	₹ in Lakhs	₹ in Lakhs
Advance income tax (net)	**433.05**	272.68
	433.05	272.68

7. Deferred tax assets (net)

		As at 31-3-2022
	₹ in Lakhs	₹ in Lakhs
Deferred tax assets (Refer Note 37)	**2,448.10**	3,379.68
	2,448.10	3,379.68

8. Other assets

		As at 31-3-2022
	₹ in Lakhs	₹ in Lakhs
(A) Non-current (Unsecured, considered good unless otherwise stated)		
Advance to suppliers (Credit impaired)	**27.07**	27.07
Advances to employees (Credit impaired)	**52.04**	34.79
Less : Impairment allowance	**79.11**	61.86
Deposits for tax and other statutory dues	**1,506.70**	907.97
	1,506.70	907.97

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

8. Other assets (contd.)

(B) Current (Unsecured, considered good unless otherwise stated)

	₹ in Lakhs	As at 31-3-2022 ₹ in Lakhs
Advance to suppliers	**3,128.48**	1,412.06
Advances to employees	**13.26**	21.98
Balance with statutory and government authorities	**3,517.24**	5,966.45
Prepaid expenses	**365.53**	32.45
Gratuity fund (Refer Note 36)	**82.89**	12.78
Other	**198.59**	5.71
	7,305.99	7,451.43

Footnote : The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 31.

9. Inventories (At lower of cost or net realisable value)

		₹ in Lakhs	As at 31-3-2022 ₹ in Lakhs
(a)	Raw material [refer footnote (ii)]	**20.84**	30.29
(b)	Finished goods [refer footnote (ii)]	**60.42**	50.89
(c)	Traded goods	**3,767.82**	3,199.33
		3,849.08	3,280.51

Footnotes :

(i)	Provision/ (reversal) for write-down on value of inventory recognised in Statement of Profit and Loss	**(44.68)**	29.34

(ii) The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 31.

(iii) Goods in transit as on March 2023 is Nil (March 2022 : Nil).

10. Trade Receivables (Unsecured, at amortised cost)

	₹ in Lakhs	As at 31-3-2022 ₹ in Lakhs
Trade receivables	**60,584.48**	39,781.81
Less: Impairment Allowance	**5,259.59**	5,226.78
Net Trade Receivables	**55,324.89**	34,555.03

Footnotes :

(1) Trade Receivables — breakup of security details

(i) Trade Receivables — unsecured, considered good	**56,662.64**	35,684.13
(ii) Trade Receivables — unsecured, credit impaired	**3,921.84**	4,097.68
	60,584.48	39,781.81
Less : Impairment allowance	**5,259.59**	5,226.78
	55,324.89	34,555.03

(2) Trade receivable includes receivable from holding company of ₹ 1,806.39 lakhs (March 2022 : Nil)

(3) As at 31st March, 2023, Trade receivables has increased as compared to 31st March, 2022 on account of increase in operations of the Company.

(4) Trade receivables are non interest bearing and are generally on terms of 7 to 30 days in case of sale of products and in case of long term construction contracts, payment is generally due upon completion of milestone as per terms of contract. In certain contracts, short term advances are received before the performance obligation is satisfied.

(5) 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 or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(6) Trade receivables have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 31.

10. Trade Receivables (Unsecured, at amortised cost) (contd.)

(7) The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables and contract assets. The Company follows the simplified approach for recognition of impairment allowance on trade receivables and contract assets. The application of the 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. ECL impairment loss allowance (or reversal) recognized during the period is recognized in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

(8) Ageing of trade receivables :

₹ in Lakhs

Particulars	**Category**	**Outstanding from due date of payment As at 31st March, 2023**		
		Unsecured, considered good	**Credit impaired**	**Total**
Not due	Undisputed	2,584.03	—	2,584.03
< 6 months	Undisputed	41,335.41	6.03	41,341.44
6 months - 1 year	Undisputed	5,032.93	—	5,032.93
1-2 years	Undisputed	5,056.40	376.57	5,432.97
2-3 years	Undisputed	1,435.03	149.59	1,584.62
2-3 years	Disputed	—	4.03	4.03
> 3 years	Undisputed	1,218.84	2,875.20	4,094.04
> 3 years	Disputed	—	510.42	510.42
Total		**56,662.64**	**3,921.84**	**60,584.48**

₹ in Lakhs

Particulars	Category	Outstanding from due date of payment As at 31st March, 2022		
		Unsecured, considered good	Credit impaired	Total
Not due	Undisputed	6,296.02	—	6,296.02
< 6 months	Undisputed	22,620.99	266.78	22,887.77
6 months - 1 year	Undisputed	2,906.23	—	2,906.23
1-2 years	Undisputed	2,249.92	80.69	2,330.61
2-3 years	Undisputed	1,137.83	357.76	1,495.59
> 3 years	Undisputed	473.14	3,392.45	3,865.59
Total		35,684.13	4,097.68	39,781.81

11. Cash and Cash equivalents

	₹ in Lakhs	As at 31-3-2022 ₹ in Lakhs
- Balances with bank in current account	**4,631.11**	1,610.15
- Deposits with original maturity of less than three months	**23,900.00**	6,500.00
	28,531.11	8,110.15

Footnotes :

(i) Short-term deposits are interest bearing and made for 7, 15 & 30 days, depending on the immediate cash requirements of the Company.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

11. Cash and Cash equivalents (contd.)

(ii) Changes in liabilities arising from financing activities :

Particulars	**As at 31-3-2023 Lease Liabilities ₹ in Lakhs**
Opening balance	**14.45**
Cash flows	**(14.02)**
Accretion of interest	**1.30**
Closing balance	**1.73**

Particulars	As at 31-3-2022 Lease Liabilities ₹ in Lakhs
Opening balance	41.93
Cash flows	(29.86)
Accretion of interest	2.38
Closing balance	14.45

(iii) The quarterly returns or statements of current assets filed by the Company against sanctioned working capital limits with banks are in agreement with the books of accounts .

12. Loans (at amortised cost)

	₹ in Lakhs	As at 31-3-2022 ₹ in Lakhs
Loans to employees (unsecured, considered good)	**5.59**	4.62
	5.59	4.62

13. Contract assets (Unsecured)

	₹ In Lakhs	As at 31-3-2022 ₹ in Lakhs
Amount due from customers under construction contracts	**43,312.64**	32,835.18
Less: Impairment Allowance	**2,872.80**	2,392.67
	40,439.84	30,442.51

Footnotes:

(1) Contract assets - breakup of security details

(i) Contract assets - unsecured, considered good	**42,392.33**	30,442.51
(ii) Contract assets - unsecured, credit impaired	**920.31**	2,392.67
	43,312.64	32,835.18
Less: Impairment Allowance	**2,872.80**	2,392.67
	40,439.84	30,442.51

(2) Gross amount due from customers under construction contracts includes receivable from holding company of ₹ 3,066.39 lakhs (March 2022 : ₹ 8,278.90 lakhs)

(3) Contract assets are initially recognised for revenue earned from electro mechanical projects contracts as receipt of consideration that is conditional on successful completion of project milestone. Upon completion of milestone and acceptance/certification by the customer, the amounts recognised as contract assets are reclassified to trade receivables. At 31st March, 2023, contract assets balances have increased as compared to 31st March, 2022 on account of work executed on recently won contracts for which certification of work is in progress.

13. Contract assets (Unsecured) (contd.)

	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
(4) **Movement in expected credit loss allowance on trade receivable and contract assets**		
Balance at the beginning of the year	**7,619.45**	6,647.56
Add : Allowances/ (write-back) during the year	**805.28**	971.89
Less : Write-off during the year	**(292.34)**	—
Balance at the end of the year	**8,132.39**	**7,619.45**

(5) Contract assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 31.

14. Equity share capital

	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
Authorised Share Capital		
1,47,30,00,000 (31st March, 2022 : 1,47,30,00,000) equity shares of ₹ 10 each	**1,47,300**	1,47,300
1,27,00,000 (31st March, 2022 : 1,27,00,000) preference shares of ₹ 100 each	**12,700**	12,700
	1,60,000	1,60,000
Issued, subscribed and paid up shares		
1,34,18,25,782 (31st March, 2022 : 15,18,25,782) equity shares of ₹ 10 each	**1,34,182.58**	15,182.58
	1,34,182.58	15,182.58

Footnotes :

(i) 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. In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year:

	As at 31-3-2023 No. of Shares	₹ In Lakhs
As at the beginning of the year	**15,18,25,782**	**15,182.58**
Add: Issue of equity share capital	**1,19,00,00,000**	**1,19,000.00**
As at the end of the year	**1,34,18,25,782**	**1,34,182.58**

	As at 31-3-2022 No. of Shares	₹ In Lakhs
As at the beginning of the year	15,18,25,782	15,182.58
As at the end of the year	15,18,25,782	15,182.58

(iii) Details of shares held by holding company, promoters and shareholders holding more than 5% shares in the Company:

	As at 31-3-2023 No. of Shares	% of Holding
Equity shares of ₹ 10 each fully paid		
Voltas Limited (holding company)	**1,34,18,25,775**	**100%***

	As at 31-3-2022 No. of Shares	% of Holding
Equity shares of ₹ 10 each fully paid		
Voltas Limited (holding company)	15,18,25,775	100%*

* The balance 7 shares are held by directors / nominees along with Voltas Limited.

(iv) As per records of the Company, no calls remained unpaid by the Director and Officers of the Company as on 31st March, 2023 (31st March , 2022 : Nil).

(v) Details of shares held by promoter.

	As at 31-3-2023
Description	**Equity shares of ₹ 10 each fully paid**
Name of the promoter	**Voltas Limited**
No. of shares at the beginning of the year	**15,18,25,775**
Change during the year	**11,90,000,000**
No. of shares at the end of the year	**1,34,18,25,775**
% of Total shares	**100%**
% change during the year	**784%**

	As at 31-3-2022
Description	Equity shares of ₹ 10 each fully paid
Name of the promoter	Voltas Limited
No. of shares at the beginning of the year	15,18,25,775
Change during the year	—
No. of shares at the end of the year	15,18,25,775
% of Total shares	100%
% change during the year	—

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

15. Other equity

			As at 31-3-2022
		₹ In Lakhs	₹ In Lakhs
(a)	General Reserve	**2,053.76**	2,053.76
(b)	Securities premium	**341.13**	341.13
(c)	Additional capital contribution	**4,053.99**	4,053.99
(d)	Retained earnings	**8,126.76**	(6,321.43)
(e)	Capital Reserve	**(1,04,904.02)**	(1,09,009.28)
		(90,328.38)	(1,08,881.83)
Movement in Other equity			
(a)	**General Reserve**		
	Balance at the beginning of the year	**2,053.76**	2,053.76
	Less: Changes during the year	**—**	—
	Balance at the end of the year	**2,053.76**	2,053.76
(b)	**Securities premium**		
	Balance at the beginning of the year	**341.13**	341.13
	Less: Changes during the year	**—**	—
	Balance at the end of the year	**341.13**	341.13
(c)	**Additional capital contribution**		
	Balance at the beginning of the year	**4,053.99**	4,053.99
	Less: Changes during the year	**—**	—
	Balance at the end of the year	**4,053.99**	4,053.99
(d)	**Retained earnings**		
	Balance at the beginning of the year	**(6,321.43)**	(7,104.48)
	Net Profit for the year	**17,644.03**	13,642.32
	Contribution / (Distribution) (Refer Note 45)	**720.03**	(2,881.32)
	Transfer to Capital Reserve (Refer Note 45)	**(4,105.26)**	(9,990.71)
	Remeasurement of post employment benefit obligation	**189.39**	12.76
	Balance at the end of the year	**8,126.76**	(6,321.43)
(e)	**Capital Reserve**		
	Balance at the beginning of the year	**(1,09,009.28)**	(1,18,999.99)
	Transfer from retained earnings (Refer note 45)	**4,105.26**	9,990.71
	Balance at the end of the year	**(1,04,904.02)**	(1,09,009.28)

DISTRIBUTION MADE AND PROPOSED

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Proposed Dividend on Equity Shares:		
Dividend for the year ended 31st March, 2023: ₹ 0.25 per share (31st March, 2022: Nil)	**3,354.56**	—
	3,354.56	—

Footnotes: Nature and purpose of reserves

(a) General Reserve

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to Statement of Profit and Loss.

15. Other equity (contd.)

(b) Securities Premium

Securities Premium represents amount received in excess of face value of shares, at the time of issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

(c) Additional capital contribution

The Company had issued 0.01% Cumulative Redeemable Preference Shares ('CRPS') aggregating ₹ 12,700 lakhs (₹ 2,500 lakhs in 2011-12, ₹ 3,700 lakhs in 2012-13 and ₹ 6,500 lakhs in 2016-17), for a period of 7 years.

During the financial year 2019, the Company on approval of preference shareholder had modified redemption period for CRPS issued in 2010-11 and 2012-13 by further 7 years from the date of its original repayment date. The liability was accounted at amortised cost and the difference between the liability and the amortised cost amounting to ₹ 8,244.08 lakhs is included as additional capital contribution and disclosed under "Other Equity".

During the FY 2020-21, the Board of Directors in their meeting held on 2nd December, 2020 had authorised the early redemption of 0.01% CRPS from the proceeds of rights issue offered by the Company which was agreed by the preference shareholder. Based on the realisation of share application money from rights issue of Equity shares, 0.01% CRPS are redeemed by the Company at par for ₹ 12,700 lakhs. The difference between the carrying value of preference share liability of ₹ 8,510 lakhs and redemption amount of ₹ 12,700 lakhs amounting to ₹ 4,190 lakhs was adjusted in Other Equity.

(d) Retained earnings

The balance in the Retained Earnings primarily represents the deficit/profit of over the years.

(e) Capital Reserve

The negative amount in the Capital Reserve represents the excess of purchase consideration paid to the Holding Company over the net assets acquired under Business Transfer Agreement.

16. Lease Liabilities (Refer Note 41)

	₹ **In Lakhs**	As at 31-3-2022 ₹ In Lakhs
(A) Non-Current		
Lease liabilities	—	1.73
	—	1.73
(B) Current		
Lease liabilities	**1.73**	12.72
	1.73	12.72

17. Provisions

	₹ **In Lakhs**	As at 31-3-2022 ₹ In Lakhs
Non-Current		
Provision for compensated absences	**332.37**	21.97
Other provisions	**35.23**	—
	367.60	21.97

18. Trade Payables

	₹ **In Lakhs**	As at 31-3-2022 ₹ In Lakhs
Trade Payables		
(a) total outstanding dues of micro enterprises and small enterprises	**13,538.59**	4,328.90
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	**49,588.05**	46,644.51
	63,126.64	50,973.41

Footnotes :

(1) Trade payables are non interest bearing and are normally settled on 30 days to 365 days credit term.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

18. Trade Payables (contd.)

(2) Ageing of Trade payables :

₹ **In Lakhs**

Particulars	**Category**	**Outstanding from due date of payment As at 31st March, 2023**		
		MSME	**Other than MSME**	**Total**
Unbilled	Undisputed	**—**	**2,712.18**	**2,712.18**
Current but not due	Undisputed	**3,141.91**	**10,411.07**	**13,552.98**
< less than 1 year	Undisputed	**9,425.17**	**31,472.69**	**40,897.86**
1-2 years	Undisputed	**788.11**	**2,644.15**	**3,432.26**
2-3 years	Undisputed	**100.63**	**809.76**	**910.39**
More than 3 years	Undisputed	**82.77**	**1,512.55**	**1,595.32**
More than 3 years	Disputed	**—**	**25.65**	**25.65**
Total		**13,538.59**	**49,588.05**	**63,126.64**

₹ In Lakhs

Particulars	Category	Outstanding from due date of payment As at 31st March, 2022		
		MSME	Other than MSME	Total
Unbilled	Undisputed	—	950.42	950.42
Current but not due	Undisputed	2,771.20	12,921.84	15,693.04
< less than 1 year	Undisputed	1,435.11	28,776.99	30,212.10
1-2 years	Undisputed	81.09	1,762.94	1,844.03
2-3 years	Undisputed	27.44	1,151.43	1,178.87
More than 3 years	Undisputed	14.06	1,055.24	1,069.30
More than 3 years	Disputed	—	25.65	25.65
Total		4,328.90	46,644.51	50,973.41

(3) Micro, Small and Medium Enterprises Development Act, 2006:

		₹ **In Lakhs**	As at 31-3-2022 ₹ In Lakhs
(i)	Principal amount remaining unpaid to any supplier	**13,538.59**	4,328.90
(ii)	Interest due on (i) above	**—**	—
(iii)	The amount of interest along with the principal payment made to the supplier	**—**	—
(iv)	The amount of interest due and payable for the year	**—**	—
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**—**	—
(vi)	Total outstanding dues of Micro and Small Enterprises		
	- Principal	**13,538.59**	4,328.90
	- Interest	**—**	—
		13,538.59	4,328.90

19. Other financial liabilities

	₹ **In Lakhs**	As at 31-3-2022 ₹ In Lakhs
Current		
Deposit received from the customers	**18.94**	—
Other financial liabilities	**166.02**	20.89
Consideration against business acquisition (Refer Note 45)	**—**	1,19,000.00
	184.96	1,19,020.89

20. Provisions

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Current		
Provision for compensated absences	**283.99**	465.47
Provision for contingencies for tax matters [Refer footnote (ii)]	**557.79**	615.35
Provision for trade guarantee [Refer footnote (i)]	**683.84**	376.41
Other provisions	**0.41**	28.08
	1,526.03	1,485.31

Footnotes :

(i) Provision for trade guarantee

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Opening balance	**376.41**	369.79
Add: Additional provision recognised during the year	**723.78**	6.62
Less: Utilisation/Reversals	**(416.35)**	—
Closing balance	**683.84**	376.41

(ii) Provision for contingencies for tax matters

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Opening balance	**615.35**	615.35
Less: Reversals	**(57.56)**	—
Closing balance	**557.79**	615.35

21. Other current liabilities

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Statutory dues	**2,436.14**	8.91
Others	**5.51**	1.06
	2,441.65	9.97

22. Contract Liabilities

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Billing in excess of contract revenue	**19,767.49**	8,693.29
Advance received from customers	**9,070.21**	2,915.33
	28,837.70	11,608.62

Footnotes :

(i) Billing in excess of contract revenue and advance received from customers includes amounts to holding company of ₹ 3.80 lakhs (31st March, 2022 : ₹ 2,704.07 lakhs).

(ii) The outstanding balances of the contract liabilities as at 31st March, 2023 are higher on account of advance received from customers/ billing done as per the terms of contracts in new projects.

23. Income tax liabilities (net)

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Income tax liabilities (net)	**648.76**	—
	648.76	—

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

24. Revenue from operations

		₹ **In Lakhs**	2021-22 ₹ In Lakhs
(A)	**Revenue from Contracts with customers :**		
	Construction contract revenue	**1,23,186.15**	1,09,944.11
	Sale of products	**34,697.61**	34,262.33
	Sale of services	**18,856.04**	14,666.79
		1,76,739.80	1,58,873.23
(B)	**Other operating revenue :**		
	Sale of scrap	**577.82**	247.54
	Unclaimed credit balances written back	**9.25**	80.94
		587.07	328.48
		1,77,326.87	1,59,201.71

25. Other Income

		₹ **In Lakhs**	2021-2022 ₹ In Lakhs
(a)	**Interest income :**		
	On deposits with banks	**30.16**	14.20
	Others	**0.09**	1.12
(b)	**Others :**		
	Cash discount from suppliers	**568.71**	457.26
	Gain on foreign exchange (net)	**168.43**	64.81
	Miscellaneous Income	**17.89**	4.67
		785.28	542.06

26. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	₹ **In Lakhs**	2021-2022 ₹ In Lakhs
Finished goods and traded goods at the end of the year	**3,828.23**	3,250.22
Finished goods and traded goods at the beginning of the year	**(3,250.22)**	(3,163.42)
	(578.01)	(86.80)

27. Employee benefit expense

	₹ **In Lakhs**	2021-2022 ₹ In Lakhs
Salaries, wages and bonus	**11,915.60**	11,039.58
Company's contribution to provident and other funds	**773.40**	543.23
Staff welfare expenses	**345.27**	383.71
	13,034.27	11,966.52

28. Finance costs

	₹ In Lakhs	2021-2022 ₹ In Lakhs
Interest expense - bank borrowings and others	**162.44**	66.21
Interest on Lease Liabilities	**1.30**	2.38
	163.74	68.59

29. Other expenses

	₹ In Lakhs	2021-2022 ₹ In Lakhs
Outside service charges	**1,476.10**	1,628.52
Travelling and conveyance	**1,042.99**	761.64
Insurance charges	**138.66**	342.41
Rates and taxes	**8.84**	34.97
Rent	**562.76**	205.47
Printing and stationery	**52.40**	43.05
Legal and professional charges	**342.30**	291.42
Payment to statutory auditors (Refer Note 30)	**33.28**	29.05
Power and fuel	**24.24**	48.56
Allowance for doubtful debts and advances *	**10.47**	133.90
Advances written off	—	0.78
Expected credit loss for trade receivable and contract assets	**1,645.50**	971.89
Impairment loss on financial assets	**0.90**	—
Property, plant and equipment written off	**2.12**	0.62
Hire charges	**187.82**	309.57
Bank charges	**132.65**	97.81
Other selling expenses	**474.87**	595.68
Miscellaneous expenses	**1,231.99**	1,378.17
	7,367.89	6,873.51

* Includes recovery from bad debts written off in earlier years, Nil (Previous year: ₹ 35.19 lakhs)

30. Payment to statutory auditors

	₹ In Lakhs	2021-22 ₹ In Lakhs
To statutory auditors for:		
(i) Audit Fees (including tax audit fees)	**29.04**	28.00
(ii) Other services	**3.70**	1.05
(iii) Reimbursement of expenses	**0.54**	—
	33.28	29.05

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

31. Sanction facilities available from the banks

Loans repayable on demand

The Company has obtained credit facilities from banks aggregating ₹ 1,90,000 lakhs as at 31st March, 2023 (including fund based ₹ 36,000 lakhs and non fund based limits ₹ 1,54,000 lakhs) and aggregating ₹ 1,35,000 lakhs as at 31st March, 2022 (fund based ₹ 55,000 lakhs and non fund based limits ₹ 80,000 lakhs) which are repayable on demand as follows:

Break-up of the facilities	**₹ In Lakhs**	As at 31-3-2022 ₹ In Lakhs
Credit facility from ICICI Bank		
Sanction Amounts		
- Fund and Non-fund based	**75,000.00**	75,000.00
Utilised Amounts		
- Fund and Non-fund based	**41,710.57**	8,709.56
Working capital demand loan facility from Kotak Bank		
Sanction Amounts		
- Fund and Non-fund based	—	20,000.00
Utilised Amounts		
- Fund and Non-fund based	—	—
Working capital demand loan facility from Axis Bank		
Sanction Amounts		
- Fund and Non-fund based	**40,000.00**	40,000.00
Utilised Amounts		
- Fund and Non-fund based	**31,662.24**	9,393.59
Working capital demand loan facility from State Bank of India		
Sanction Amounts		
- Fund and Non-fund based	**75,000.00**	—
Utilised Amounts		
- Fund and Non-fund based	**10,275.20**	—

Notes

(a) The above facilities are secured by way of a charge on the movable property, plant and equipment, financial and non-financial assets of the Company.

(b) All the above facilities are also secured by a corporate guarantee issued by Voltas Limited (holding company) in favour of the respective banks.

(c) There are no outstanding fund based borrowing as at 31 March, 2023 and 31 March, 2022.

(d) The Company has not defaulted on any loans payable.

(e) The Company has satisfied all other debt covenants prescribed as per facility/sanction letters.

(f) The quarterly returns or statements of current assets filed by the Company against sanctioned working capital limits with banks are in agreement with the books of accounts.

32. Commitments and Contingencies

	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
(a) Claims against the Company not acknowledged as debts		
Contractual matters in the course of business	**4,594.93**	64.15
Sales tax matters	**3,802.66**	1,102.35
Total	**8,397.59**	1,166.50

(b) Commitments

	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for	—	—

33. (a) Segment reporting

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

Segment - A (Electro - Mechanical Projects and Services):

Electrical and Solar : Engineering, Procurement and Construction relating to projects of rural electrification and distribution, power agumentation and separation, substations and industrial electrification, solar projects etc including supply of material.

Electro-Mechanical Projects (MEP): Electricals, HVAC (Heating, Ventilation & Air Conditioning), Plumbing, Fire Fighting, Extra Low Voltage (ELV) and Specialized services.

Water Solutions: Comprises Water Treatment solutions for Industrial, Oil and Gas and Domestic Sewage Segments and last mile connectivity of water tab under various Government schemes.

Segment - B (Engineering Products and Services):

Textile Machinery : Sales and Service of capital machinery for Textile Industry and sale of spares and accessories for Textile equipment.

Mining and Construction Equipment: Engaged in selling of mining and construction equipment and providing operations and maintenance services for mining and construction industry.

		2021-22
	₹ In Lakhs	₹ In Lakhs
(A) Segment Revenue		
(a) Segment - A (Electro - Mechanical Projects and Services)	**1,25,233.32**	1,10,007.03
(b) Segment - B (Engineering Products and Services)	**51,506.48**	48,866.20
Revenue from contracts with customers	**1,76,739.80**	1,58,873.23
Add : Other operating income	**587.07**	328.48
Revenue from operations	**1,77,326.87**	1,59,201.71

Footnotes :

(i) Revenue contributed by any single customer in any of the operating segments, whether reportable or otherwise, does not exceed ten percent of the Company's total revenue.

(ii) The Company's reportable segments are organized based on the nature of products and services offered by these segments. Accordingly, additional disclosures for revenue information about products and services are not applicable.

(B) Segment Results

		2021-22
	₹ In Lakhs	₹ In Lakhs
(a) Segment - A (Electro - Mechanical Projects and Services)	**3,266.58**	2,535.84
(b) Segment - B (Engineering Products and Services)	**20,414.61**	15,916.68
	23,681.19	18,452.52
Less : (i) Finance cost	**163.74**	68.59
(ii) Other unallocable expenditure net of unallocable income	**(30.27)**	(14.82)
Profit before tax	**23,547.72**	18,398.75
(C) Segment Assets		
(a) Segment - A (Electro - Mechanical Projects and Services)	**90,478.33**	64,085.45
(b) Segment - B (Engineering Products and Services)	**19,098.66**	13,587.38
(c) Unallocated	**31,412.28**	11,762.54
Total Segment Assets	**1,40,989.27**	89,435.37
(D) Segment Liabilities		
(a) Segment - A (Electro - Mechanical Projects and Services)	**86,962.06**	1,75,356.41
(b) Segment - B (Engineering Products and Services)	**9,522.51**	7,778.21
(c) Unallocated	**650.50**	—
Total Segment Liabilities	**97,135.07**	1,83,134.62

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

33. (a) Segment reporting (contd.)

(E) Other Information for Segments

		As at 31-3-2022
(i) Capital Expenditure		
(a) Segment - A (Electro - Mechanical Projects and Services)	**223.98**	46.48
(b) Segment - B (Engineering Products and Services)	**28.78**	0.85
	252.76	47.33
(ii) Depreciation & amortisation		
(a) Segment - A (Electro - Mechanical Projects and Services)	**92.75**	114.12
(b) Segment - B (Engineering Products and Services)	**37.27**	44.61
	130.02	158.73
(iii) Non-Cash Expenses Other than Depreciation and amortisation		
(a) Segment - A (Electro - Mechanical Projects and Services)	**1,732.64**	1,051.39
(b) Segment - B (Engineering Products and Services)	**(113.15)**	(40.46)
	1,619.49	1,010.93

(b) Information of Geographical Areas of Reportable Business Segments

	₹ In Lakhs	2021-22 ₹ In Lakhs
Revenue by Geographical Market		
- India	**169,932.51**	150,219.19
- Africa	**6,807.29**	8,654.04
	176,739.80	158,873.23

34. Earnings Per Equity Share

		2021-22
Profit attributable to equity holders (₹ in lakhs)	**17,644.03**	13,642.32
Weighted average number of Equity Shares	**91,14,69,636**	15,18,25,782
Basic and Diluted Earnings per share of ₹ 10 each (in ₹)	**1.94**	8.99

35. Related Party Transactions

A. List of related party and relationships

Sl. no.	**Party**	**Relation**
i.	Voltas Limited	Holding Company
ii.	Tata Sons Private Limited	Promoter Company
iii.	Tata Consultancy Services Limited	Subsidiaries and Joint Ventures of Promoter
	Tata De Mocambique, Limitada	
	Tata Teleservices Limited	
iv.	Mr. Pradeep Kumar Bakshi [Managing Direcctor]	Key Managerial person
	Mr. Ajay Pandya [Chief Financial Officer] (w.e.f. 21st October, 2021)	
	Mr. Viral Sarvaiya [Chief Financial Officer] (up to 21st October, 2021)	
v.	Mr. Anil George (upto 15th September, 2021)	Non Executive Directors
	Mr. Vinayak Deshpande (w.e.f. 15th September, 2021)	
	Mr. Debendranath Sarangi	
	Mr. Shreeharsha V. Phene	
	Ms. Sandhya Shailesh Kudtarkar	
	Dr. Anoop Kumar Mittal (w.e.f. 28th April, 2021)	

35. Related Party Transactions (contd.)

B. Related party transactions and balances at the end of reporting year

₹ In Lakhs

Sl. no.	Year	Transactions	Holding company	Promoter company	Subsidiaries and Joint Ventures of Promoter	Non Executive Directors
1	**2022-23**	Construction contract revenue (against which billed ₹ 15,116 lakhs; Previous year : ₹ 10,002 lakhs)	**5,714.76**	**—**	**1,303.05**	**—**
	2021-22		9,868.33	—	—	—
2	**2022-23**	Reimbursement/ (Recovery) of staff cost (net)* and other expenses #	**5,186.44**	**59.62**	**6,796.72**	**—**
	2021-22		1,563.93	—	—	—
3	**2022-23**	Sale of Products	**648.86**	**—**	**—**	**—**
	2021-22		—	—	—	—
4	**2022-23**	Purchase of property, plant and equipment	**—**	**—**	**0.64**	**—**
	2021-22		—	—	—	—
5	**2022-23**	Sitting Fees and provision for commission	**—**	**—**	—	**80.40**
	2021-22		—	—	—	43.70
6	**2022-23**	Payment on acquisition of business	**1,19,000.00**	**—**	**—**	**—**
	2021-22		—	—	—	—
7	**2022-23**	Issue of Equity share capital	**1,19,000.00**	**—**	**—**	—
	2021-22		—	—	—	—
8	**2022-23**	Debit balance at the end of the year [refer footnote (iii)]	**4,910.65**	**—**	**3,480.49**	**—**
	2021-22		8,301.77	—	—	—
9	**2022-23**	Credit balance at the end of the year [refer footnote (iv)]	**3,475.28**	**—**	**72.66**	**70.00**
	2021-22		3,395.86	—	—	35.00

* Includes reimbursement of cost related to Key Managerial Personnel who have been seconded from holding company and amount paid is in compliance with Section 197 of the Companies Act, 2013. [March 2023 : ₹ 39.16 lakhs (March 2022 : ₹ 7.99 lakhs)]. Therefore, no separate disclosures for KMP has been given.

Includes rent, facility management, professional charges, project related expenses, purchase of products and brand subscription fees.

Footnotes :

(i) All related party transactions are made on terms equivalent to those that prevail in an arm's length transactions.

(ii) The overdraft facility availed by the Company is secured by a corporate guarantee which is issued by Voltas Limited (holding company) in favour of the bank.

(iii) Debit closing balances at the end of the year includes unsecured, interest free - trade receivables - ₹ 4,967.50 lakhs (March 2022 : Nil), other financial assets - ₹ 22.87 lakhs (March 2022 : ₹ 22.87 lakhs), amount due from customers under construction contracts - ₹ 3,385.76 lakhs (March 2022 : ₹ 8,278.90 lakhs) and security deposits ₹ 15 lakhs (March 2022 : ₹ 15 lakhs) outstanding which would be settled in cash.

(iv) Credit closing balances at the end of the year includes trade payables (Net off advance) - ₹ 3,473.91 lakhs (March 2022 : ₹ 691.79 lakhs), amount due to customers under construction contracts - ₹ 74.03 lakhs (March 2022 : ₹ 542.65 lakhs) and advance received from customers ₹ Nil (March 2022 : ₹ 2,161.42 lakhs) and other payables ₹ 70 lakhs (March 2022 : ₹ 35 lakhs).

36. Employee benefit expense

(i) Defined Contribution plans

The eligible employees of the Company are entitled to receive benefits under provident fund schemes which are in substance, defined contribution plans, in which both covered employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions are paid for provident and pension funds. The Company's contributions during the year to Provident Funds are recognised in the Statement of Profit and Loss.

The total expense recognised in the Statement of Profit and Loss of ₹ 486.12 lakhs (for the year ended 31st March, 2022: ₹ 444.72 lakhs) represents contributions payable to this plan.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

36. Employee benefit expense (contd.)

(ii) Defined benefit plans

The Company's liabilities towards gratuity schemes are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses based on valuation done by the independent actuary carried out quarterly are recognised immediately in the other comprehensive income. Obligation is measured at the present value of the estimated future cash flows using a discounted rate that is determined by reference to market yields of Government bonds at the Balance Sheet date where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation. The Gratuity plan of the Company is funded.

(a) The principal assumptions used for the purposes of the actuarial valuations were as follows:

		2021-22
	₹ In Lakhs	₹ In Lakhs
Discount rate	**7.45%**	6.85%
Expected rate of salary increase	**7.00%**	8.00%
Attrition rate	**12.00%**	12.00%
Mortality rate during employement	**Indian Assured Lives Mortality (2012-14) Urban**	Indian Assured Lives Mortality (2012-14) Urban

(b) Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

		2021-22
	₹ In Lakhs	₹ In Lakhs
Current service cost	**127.43**	12.67
Net interest expense	**73.72**	(0.08)
Components of defined benefit costs recognised in Statement of Profit and Loss	**201.15**	12.59

(c) Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

		2021-22
	₹ In Lakhs	₹ In Lakhs
Actuarial (gains) / losses arising from changes in financial assumptions	**(128.08)**	6.30
Actuarial (gains) / losses arising from changes in demographic assumptions	**—**	(0.01)
Actuarial (gains) / losses arising from experience adjustments	**(94.34)**	(25.59)
Actual return on plan assets less interest on plan assets	**(44.78)**	(0.30)
Components of defined benefit costs recognised in other comprehensive income	**(267.20)**	(19.61)

(d) Movements in the present value of the defined benefit obligation are as follows:

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Opening defined benefit obligation	**1,906.69**	47.74
Current service cost	**127.43**	12.67
Interest cost	**77.32**	3.09
Liability transferred on acquisition of business (Refer Note 45)	**—**	1,864.50
Remeasurement (gains) / losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	**(128.08)**	6.30
Actuarial (gains) / losses arising from changes in demographic assumptions	**—**	(0.01)
Actuarial (gains) / losses arising from experience adjustments	**(94.34)**	(25.59)
Benefits paid	**(71.42)**	(2.01)
Closing defined benefit obligation	**1,817.60**	1,906.69

36. Employee benefit expense (contd.)

(e) Movements in the fair value of the plan assets are as follows:

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Opening fair value of plan assets	**1,919.47**	48.97
Interest income	**3.60**	3.18
Assets Transferred on acquisition of business (Refer Note 45)	**—**	1,866.52
Remeasurement gain / (loss):		
Actual return on plan assets less interest on plan assets	**44.78**	0.30
Contributions from the employer	**4.06**	2.51
Benefits paid	**(71.42)**	(2.01)
Closing fair value of plan assets	**1,900.49**	1,919.47

The plan assets are represented by investment made under the Gratuity Scheme operated by Life Insurance Corporation of India.

(f) The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Present value of funded defined benefit obligation at the end of the period	**(1,817.60)**	(1,906.69)
Fair value of plan assets at the end of the period	**1,900.49**	1,919.47
Net (liability)/asset arising from defined benefit obligation (Refer Note 8B)	**82.89**	12.78

(g) Sensitivity analysis:

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Projected benefit obligation on current assumptions	**1,817.60**	1,906.69
Delta effect of +1% change in rate of discounting	**(73.80)**	(77.41)
Delta effect of -1% change in rate of discounting	**81.02**	84.99
Delta effect of +1% change in rate of salary increase	**76.18**	49.95
Delta effect of -1% change in rate of salary increase	**(32.97)**	(21.62)
Delta effect of +1% change in rate of employee turnover	**1.66**	1.74
Delta effect of -1% change in rate of employee turnover	**(1.83)**	(1.92)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the benefit obligation for active members as at 31st March, 2023 is 6 years (as at 31st March, 2022: 7 years).

(h) The expected maturity analysis of undiscounted defined benefit obligation is as follows:

		As at 31-3-2022
	₹ In Lakhs	₹ In Lakhs
Within 1 year	**319.70**	335.37
Between 1 and 2 years	**245.11**	257.13
Between 2 and 3 years	**243.77**	255.72
Between 3 and 4 years	**218.38**	229.08
Between 4 and 5 years	**193.77**	203.26
Beyond 5 years	**596.87**	626.13

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

37. Deferred tax assets and Reconciliation of tax expense

			As at 31-3-2022
		₹ In Lakhs	₹ In Lakhs
(a)	**Deferred tax assets**	**2,448.10**	3,379.68
	Reconciliation of deferred tax assets (net)		
	Opening balance	**3,379.68**	3,540.43
	Tax expense during the period recognised in profit or loss	**(853.77)**	(153.90)
	Tax expense during the period recognised in OCI	**(77.81)**	(6.85)
	Closing balance	**2,448.10**	3,379.68

(b) The balance comprise temporary differences attributable to:

₹ In Lakhs

	As at 31-3-2022	**(Charged) / credited to Statement of Profit and Loss**	**Charged to OCI**	**As at 31-3-2023**
Allowance for receivables, loans and advances	1,517.11	565.65	—	**2,082.76**
Provision for employee benefits	10.15	222.78	(77.81)	**155.12**
Estimated loss on projects	96.29	(67.94)	—	**28.35**
Provision for diminution in raw material and finished goods	10.25	(4.75)	—	**5.50**
Provision for pending sales tax forms	52.20	88.18	—	**140.38**
Property, plant and equipment and intangible assets	22.23	(13.64)	—	**8.59**
Expenditure inadmissible u/s 40(a)	3.06	6.98	—	**10.04**
Unutilised brought forward loss and unabsorbed depreciation	37.45	(37.45)	—	**—**
MAT credit entitlement	1,630.87	(1,630.87)	—	**—**
Others (Unpaid statutory liabilities)	0.07	17.29	—	**17.36**
Deferred Tax Assets	**3,379.68**	**(853.77)**	**(77.81)**	**2,448.10**

₹ In Lakhs

	As at 31-3-2021	(Charged) / credited to Statement of Profit and Loss	Charged to OCI	As at 31-3-2022
Allowance for receivables, loans and advances	1,406.65	110.46	—	1,517.11
Provision for employee benefits	8.22	8.78	(6.85)	10.15
Estimated loss on projects	17.06	79.23	—	96.29
Provision for diminution in raw material and finished goods	—	10.25	—	10.25
Provision for pending sales tax forms	52.20	—	—	52.20
Property, plant and equipment and intangible assets	19.87	2.36	—	22.23
Expenditure inadmissible u/s 40(a)	—	3.06	—	3.06
Unutilised brought forward loss and unabsorbed depreciation	678.88	(641.43)	—	37.45
MAT credit entitlement	1,357.55	273.32	—	1,630.87
Others (Unpaid statutory liabilities)	—	0.07	—	0.07
Deferred Tax Assets	3,540.43	(153.90)	(6.85)	3,379.68

(c) Reconciliation of tax expense and accounting profit multiplied by India's Domestic rate for 31st March, 2023 and 31st March, 2022

		2021-22
	₹ In Lakhs	₹ In Lakhs
Profit before tax	**23,547.72**	18,398.75
India's Statutory income tax rate (Refer footnote)	**29.12%**	29.12%
Income tax expense at India's Statutory income tax rate	**6,857.09**	5,357.72
Effect of adjustments to reconcile the expected tax expenses to reported income tax expense		
Change in tax rate of future period	**447.76**	—
Effect of business transfer under common control	**(1,374.74)**	—
Adjustment of tax relating to earlier periods	**145.86**	—
Others	**(172.28)**	(601.30)
Tax expense as per the Statement of Profit and Loss	**5,903.69**	4,756.43

38. Disclosures under Ind AS 115

			2021-22
		₹ In Lakhs	₹ In Lakhs
(a)	**Disaggregated revenue information**		
	Disaggregation of the Company's revenue from contracts with customers are as follows:		
	Segment - A (Electro - Mechanical Projects and Services)		
	(i) Construction contract revenue	**1,22,989.00**	1,09,965.57
	(ii) Sale of products	**580.00**	41.46
	(iii) Sale of services	**1,664.32**	—
		1,25,233.32	1,10,007.03
	Segment - B (Engineering Products and Services)		
	(i) Construction contract revenue	**197.16**	—
	(ii) Sale of products	**34,117.61**	34,199.41
	(iii) Sale of services	**17,191.71**	14,666.79
		51,506.48	48,866.20
	Total revenue from contracts with customers	**1,76,739.80**	1,58,873.23

(b) Set out below is the amount of revenue recognised from contract liability

	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
(i) Amounts included in contract liabilities at the beginning of the year	**9,215.28**	11,716.33
(ii) Performance obligations satisfied in previous years	—	—

(c) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
Revenue as per contracted price	**1,54,114.96**	1,37,124.01
Adjustments:		
Add: (a) Unbilled on account of work under certification	**42,392.33**	30,442.51
Less: (b) Billing in excess of contract revenue	**(19,767.49)**	(8,693.29)
Revenue from contract with customers [Refer Note 24(A)]	**1,76,739.80**	1,58,873.23

(d) Performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March, 2023 is of ₹ 4,24,092.26 lakhs (31st March, 2022 : ₹ 2,28,779.68 lakhs), out of which, majority is expected to be recognised as revenue within a period of one year.

39. Financial instruments

(A) Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity. The primary objective of the Company's capital management is to maximise the shareholder value to maintain equity, protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. For the purpose of the Company's capital management, the Company includes within net debt, interest bearing overdraft facilities from banks less cash and cash equivalents. Equity includes issued equity capital and all other equity reserves attributable to the equity shareholders of the Company.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

39. Financial instruments (contd.)

Gearing Ratio

The gearing ratio at the end of the reporting period was as follows

Particulars	Note	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
Debt			
Non -Current Borrowing		—	—
Current Borrowing		—	—
Less: Cash and cash equivalents	11	**(28,531.11)**	(8,110.15)
Net debt		**(28,531.11)**	(8,110.15)
Equity Share Capital	14	**1,34,182.58**	15,182.58
Other Equity	15	**(90,328.38)**	(1,08,881.83)
Total equity		**43,854.20**	(93,699.25)
Gearing ratio		*	*

* Gearing ratio - is Nil in Current year and Previous year, considering Nil borrowings

The management reviews the capital structure of the Company on a periodic basis. In order to achieve the overall objective, the Company amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2023 and 31st March, 2022.

(B) Fair Value measurements

Financial instruments by category

₹ In Lakhs

	Notes	**31st March, 2023**			31st March, 2022		
		FVTPL	**FVOCI**	**Amortised Cost**	FVTPL	FVOCI	Amortised Cost
Financial assets							
Trade receivables	10	—	—	55,324.89	—	—	34,555.03
Cash and cash equivalents	11	—	—	28,531.11	—	—	8,110.15
Loans	12	—	—	5.59	—	—	4.62
Other financial assets	5A & 5B	—	—	561.61	—	—	568.38
Total financial assets		**—**	**—**	**84,423.20**	**—**	**—**	43,238.18
Financial liabilities							
Lease liabilities	16A & 16B	—	—	1.73	—	—	14.45
Trade payables	18	—	—	63,126.64	—	—	50,973.41
Other financial liabilities	19	—	—	184.96	—	—	1,19,020.89
Total financial liabilities		**—**	**—**	**63,313.33**	**—**	**—**	1,70,008.75

Set out above, is a comparison of the carrying amounts and fair value of Company's financial instruments.

The carrying amounts of all the financial assets and financial liabilities measured at amortised cost in financial statements are a reasonable approximation of their fair value, since the Company does not anticipate that the carrying amount would be significantly different from the value that would eventually be received or settled.

(C) Finance risk management : Objectives and Policies

The Company's principal financial liabilities comprise of trade and other payables. The liabilities relate to financing Company's working capital cycle. The Company's financial assets comprise of trade receivables, cash and cash equivalents and other financial assets that arise directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company risk's management assessment is carried out by the Board of Directors. The chief financial officer identifies, evaluates and hedges financial risks as per the requirements of the business. The Board provides written principles for overall risk management, as well as polices covering specific areas such as interest rate risk and credit risk.

39. Financial instruments (contd.)

The below note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

(i) Credit risk management

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 for trade receivables, contract asset, cash and cash equivalents, investments, and other financial assets. The Company only deals with parties which have good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment.

Credit risk on trade receivables and contract assets are managed by Company in accordance with established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Moreover, given the nature of the Company's businesses, trade receivables and contract assets are spread over a number of customers.

For trade receivables and contract assets, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and contract assets and is adjusted for forward-looking estimates.

Credit risk from cash and cash equivalents is managed by the Company's treasury department in accordance with the Company's treasury policy.

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to Credit risk is disclosed in Note 39(B).

(ii) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meets its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that the funds are available for use as per the requirements. The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities:

The table below analyse the Company financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities :

₹ In Lakhs

Contractual maturities of financial liabilities (31st March, 2023)	**Notes**	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and above**	**Total**
Non-derivatives						
Lease liabilities	16A & 16B	**1.73**	—	—	—	**1.73**
Trade payables	18	**63,126.64**	—	**—**	**—**	**63,126.64**
Other financial liabilities	19	**184.96**	—	**—**	**—**	**184.96**
Total non-derivative liabilities		**63,313.33**	**—**	**—**	**—**	**63,313.33**

₹ In Lakhs

Contractual maturities of financial liabilities (31st March, 2022)	Notes	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	5 years and above	Total
Non-derivatives						
Lease liabilities	16A & 16B	3.47	1.73	5.20	4.05	14.45
Trade payables	18	50,973.41	—	—	—	50,973.41
Other financial liabilities	19	1,19,020.89	—	—	—	1,19,020.89
Total non-derivative liabilities		1,69,997.77	1.73	5.20	4.05	1,70,008.75

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

39. Financial instruments (contd.)

(iii) Market risk: Interest rate risk management

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. Interest rate change does not affect significantly since the Company's exposure to borrowings and investment is Nil as at 31st March, 2023 and 31st March, 2022.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when expenses are denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters.

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary liabilities are as follows:

Particulars	**Liabilities**		**Assets**	
Variable rate borrowings	**₹ In Lakhs**	As at 31-3-2022 ₹ In Lakhs	**₹ In Lakhs**	As at 31-3-2022 ₹ In Lakhs
United States Dollar (USD)	**1,129.90**	25.44	**3,186.68**	—
Australian Dollar (AUD)	**6.40**	—	**—**	—
Euro (EUR)	**166.02**	—	**402.83**	—
Pound Sterling (GBP)	**187.82**	—	**—**	—
Bhutanese Ngultrum (BTN)	**—**	—	**0.08**	—
Japanese Yen (JPY)	**682.65**	—	**369.25**	—

Foreign currency sensitivity

The following tables demonstrate the sensitivity of outstanding foreign currency denominated monetary items to a reasonably possible change in 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 financial assets and liabilities:

Particulars	**Effect on Profit before tax**		**Effect on equity**	
Variable rate borrowings	**₹ In Lakhs**	As at 31-3-2022 ₹ In Lakhs	**₹ In Lakhs**	As at 31-3-2022 ₹ In Lakhs
USD +5%	**102.84**	(1.27)	**66.90**	(0.83)
USD -5%	**(102.84)**	1.27	**(66.90)**	0.83
AUD +5%	**(0.32)**	—	**(0.21)**	—
AUD -5%	**0.32**	—	**0.21**	—
EUR +5%	**11.84**	—	**7.70**	—
EUR -5%	**(11.84)**	—	**(7.70)**	—
GBP +5%	**(9.39)**	—	**(6.11)**	—
GBP -5%	**9.39**	—	**6.11**	—
JPY +5%	**(15.67)**	—	**(10.19)**	—
JPY -5%	**15.67**	—	**10.19**	—
BTN +5%	**(0.00)***	—	**(0.00)***	—
BTN -5%	**0.00***	—	**0.00***	—

* amount less than ₹ 1,000/-

40. Aggregation of expenses disclosed in Consumption of materials, cost of jobs and services, Employee benefit expense and Other expenses in respect of specific items is as follows: (Refer Note 27 and 29)

₹ In Lakhs

Nature of expenses	For the year ended 31st March, 2023			
	Consumption of materials, cost of jobs and services	**Employee benefit expense**	**Other expenses**	**Total**
Employee benefit expense	**229.94**	**13,034.27**	—	**13,264.21**
	—	(11,966.52)	—	(11,966.52)
Legal and professional expenses	—	—	**342.30**	**342.30**
	—	—	(291.42)	(291.42)
Outside service charges	**1,999.73**	—	**1,476.10**	**3,475.83**
	(43.17)	—	(1,628.52)	(1,671.69)
Travelling and conveyance	**68.14**	—	**1,042.99**	**1,111.13**
	(1.12)	—	(761.64)	(762.76)
Printing and stationary	—	—	**52.40**	**52.40**
	(0.20)	—	(43.05)	(43.25)
Rent expenses	—	—	**562.76**	**562.76**
	—	—	(205.47)	(205.47)
Insurance charges	**337.07**	—	**138.66**	**475.73**
	(13.65)	—	(342.41)	(356.06)
Miscellaneous expenses	**121.61**	—	**1,231.99**	**1,353.60**
	(14.39)	—	(1,378.17)	(1,392.56)

Figures in brackets are of previous year.

41. Leases

Company as a lessee

The Company has lease contracts for its office premises and storage locations with lease term between 1 year to 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of office premises and storage locations with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

(i) The movement in lease liabilities during the year ended 31st March, 2023 and 31st March, 2022 is as follows:

	₹ In Lakhs	As at 31-3-2022 ₹ In Lakhs
Balance at the beginning	**14.45**	41.93
Accretion of interest	**1.30**	2.38
Payment of lease liabilities (principal plus interest)	**(14.02)**	(29.86)
Balance at the end	**1.73**	14.45
Non-current	—	1.73
Current	**1.73**	12.72

(ii) The following are the amounts recognised in profit or loss:

Depreciation on right-of-use assets	**10.21**	11.48
Interest expense on lease liabilities	**1.30**	2.38
Total amount recognised in Statement of Profit and Loss	**11.51**	13.86

(iii) Details of carrying amount of right-of-use assets and movement during the period is disclosed under Note 4B.

Footnotes :

(a) The maturity analysis of lease liabilities are disclosed in Note 39 (ii) Liquidity risk management.

(b) The effective interest rate for lease liabilities is 9%, with maturity between 2023-2029.

(c) The Company had total cash flows for leases of ₹ 14.02 lakhs on 31st March, 2023 (31st March, 2022 : ₹ 29.86 lakhs).

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

42. Financial Ratio Analysis

Sr	Ratio	Numerator	Denominator	31-3-2023	31-3-2022	% Change	Reason for variance/Remarks
1	Current ratio	Current Assets	Current Liabilities	1.40	0.46	204.58%	The increase in current ratio is mainly on account of payment of purchase consideration to the parent company on acquisition of its business through slump sale. (Refer Note No. 45).
2	Debt- Equity ratio	Total Debt	Shareholder's Equity	—	—	—	
3	Debt Service Coverage ratio	Earnings for debt service = Net Profit before tax+ Non-cash operating expenses-(depreciation and amortizations)+ Finance Cost+ other adjustments like Loss on sale of property, plant and equipment	Debt service = Interest & Lease Payments + Principal Repayments of Long-term borrowings	134.12	189.21	-29.11%	Decrease is on account of one time interest cost incurred in current year towards short term loan taken for payment of business acquisition.
4	Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	-0.71	-0.14	414.20%	Accounting of business acquisition resulted into negative capital reserve in restated period resulting into negative equity as at 31st March, 2022. Further during the current year, there was equity infusion of ₹ 1,19,000 lakhs. Accordingly, Capital Employed as at 31st March, 2023 is positive. However, average equity remain negative but significantly less negative capital as compared to negative capital as at 31st March, 2022.
5	Inventory Turnover ratio	Cost of goods sold excluding cost of jobs and services of Segment - B (Electro - Mechanical Projects and Services)	Average Inventory	6.99	8.23	-15.14%	
6	Trade Receivable Turnover ratio	Revenue from Operations	Average Trade Receivable	2.20	2.57	-14.36%	

42. Financial Ratio Analysis (contd.)

Sr	Ratio	Numerator	Denominator	31-3-2023	31-3-2022	% Change	Reason for variance/Remarks
7	Trade Payable Turnover ratio	Cost of goods sold and other expenses	Average Trade Payables	2.47	2.69	-8.06%	
8	Net Capital Turnover ratio	Revenue from Operations	Working capital = Current assets – Current liabilities	4.52	-1.61	-380.96%	During the previous year on account of consideration payable towards business acquisition ,there was liability of ₹ 1,19,000 lakhs. Accordingly, there was negative working capital that has resulted into negative Capital turnover ratio.
9	Net Profit ratio	Net Profit	Revenue from operations	0.10	0.09	17.40%	
10	Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net worth + Total long term borrowings + Deferred Tax Liability	0.54	-0.20	-374.64%	Accounting of business acquisition resulted into negative capital reserve in restated period. Therefore, Capital Employed as at 31st March, 2022 was negative, resulting into negative Return on Capital Employed. Further during the current year, there was equity infusion of ₹ 1,19,000 lakhs. Accordingly, Capital Employed as at 31st March, 2023 is positive.
11	Return on Investment	Interest (Finance Income)	Investment	—	—	—	

43. Corporate Social Responsibility

The Company is not required to spend any amount on CSR during the year 2022-23 in view of accumulated losses of earlier years.

44. 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 transactions with struck-off companies.

(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 persons or entities, 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 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.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

44. Other Statutory Information (contd.)

(vii) The Company does not have 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).

(viii) The Company is maintaining its books of account in electronic mode and these books of account are accessible in India at all times and the back-up of books of account has been kept in servers physically located in India on a daily basis from the applicability date of the Companies (Accounts) Rules, 2014, i.e. 5th August, 2022 onwards.

45. Business Acquisition / Combination

Disclosure pursuant to Ind AS 103 "Business Combinations"

The Board of Directors in their meeting held on 5th March, 2021, had approved to acquire, the domestic Projects business relating to Mechanical, Electrical, Plumbing, Heating, Ventilation, Air-Conditioning and Water projects, Mining and Construction Equipment business and Textile Machinery Division ('Business Transfer') of Voltas Limited' ('Parent Company') through slump sale on a going concern basis. The transaction was consummated on 1st August, 2022 post compliance of conditions precedent, being the closing date of transfer of business for a consideration of ₹ 1,19,000 lakhs.

The aforementioned business transfer has been accounted in the books of account of the Company in accordance with Ind AS 103 'Business Combination' read with Appendix C to Ind AS 103 specified under Section 133 of the Act, read with the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the accounting treatment has been given as follows:

(i) The assets and liabilities of related business have been incorporated in the financial statements at the carrying values.

(ii) The difference between carrying value of net assets acquired and consideration paid has been transferred to capital reserve.

(iii) The financial information in the financial statements in respect of prior period i.e. for the year 1st April, 2021 to 31st March, 2022 and for the year 1st April, 2022 to 31st July, 2022 have been restated as if business combination had occurred from the beginning of the preceding period in the financial statements irrespective of actual date of combination in accordance with Ind AS 103.

(iv) Profit earned on transferred business during restated period (i.e. 1st April, 2021 to 31st March, 2022 and 1st April, 2022 to 31st July, 2022) on account of restatement of financial statements as explained above did not result into increase in net assets of equivalent amount as of 31st March, 2022 and as of 31st July, 2022 as not all the items of assets and liabilities were transferred such as Bank balances, Statutory liabilities, borrowings. Accordingly, the difference between profit earned and change in net assets position has been adjusted in retained earnings as Contribution/ Distribution.

(v) Profit earned on the transferred business during the restated period (i.e. 1st April, 2021 to 31st March, 2022 and 1st April, 2022 to 31st July, 2022) is considered as profits not available for distribution of dividend. Accordingly, profit earned for the restated period net of adjustment as explained in point (iv) above has been reclassified from retained earnings to capital reserve.

46. Events occuring after Balance Sheet

The Board of Directors have proposed a dividend of ₹ 0.25 per share after the balance sheet date which is subject to approval by the shareholders at the Annual General Meeting.

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

As per our report of even date
For **S R B C & CO LLP**
(ICAI Firm Registration No. 324982E/E300003)
Chartered Accountants

per Dolphy D'Souza
Partner
Membership No. 38730

Place : *Mumbai*
Date : 24th April, 2023

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)
Place : Delhi

Pradeep Kumar Bakshi
Managing Director
(DIN: 02940277)
Place : Mumbai

Ajay Pandya
Chief Financial Officer
Place : Mumbai

Vishal Totla
Company Secretary
Place : Mumbai

Date : 24th April, 2023

HI-VOLT ENTERPRISES PRIVATE LIMITED

Directors :

V. P. Malhotra
Dinesh Singh
Vinod Chandrashekar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Second Annual Report and Audited Accounts for the year ended 31st March, 2023.

1. **Results:**

   The Company has reported loss of ₹ 0.16 lakh for the year ended 31st March, 2023, primarily towards statutory expenses and standing charges.

2. **Dividend:**

   The Directors do not recommend any dividend for the period under review.

3. **Number of Meetings of the Board:**

   During the year under review, four Board Meetings were held on 12th April, 2022; 19th July, 2022; 18th October, 2022 and 17th January, 2023.

4. **Corporate Social Responsibility:**

   The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company.

5. **Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:**

   There are no material changes which have occurred after the close of the financial period on 31st March, 2023 till the date of Directors' Report, which could affect the financial position of the Company.

6. **Details of significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status and the Company's operations in future:**

   During the period under review, no material Orders were passed by the Regulators/ Courts/ Tribunals, impacting the Company's going concern status and future operations.

7. **Statutory Auditors:**

   M/s. Damji Merchant & Co., Chartered Accountants were appointed as Statutory Auditors of the Company to hold office for a term of five years from the conclusion of First Annual General Meeting (AGM) till the conclusion of Sixth Annual General Meeting (AGM) of the Company to be held in the year 2027 to examine and audit the accounts of the Company for five consecutive financial years from 2022-23 till 2026-27. The Auditors' Report for 2022-23 do not contain any qualification, reservation or adverse remark.

8. **Extract of the Annual Return:**

   Pursuant to the provisions of Sections 92 and 134(3)(a) of the Act as amended, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Company is required to place the Annual Return in prescribed Form No. MGT-7 on the website of the Company, if any and therefore not required to be annexed to the Directors Report. As the Company presently does not have any website, the copy of the Annual Return is kept open for inspection by the Members at the Registered office of the Company during business hours on all working days.

9. **Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

   As the Company is yet to commence its business operations, information pursuant to Section 134(3) of the Companies Act, 2013, relating to conservation of energy, technology absorption are not relevant to the Company for the year ended 31st March, 2023. There was no foreign exchange earnings and outgo during the period under review.

10. **Directors:**

    Mr. Varun Prakash Malhotra, Mr. Dinesh Kanhaiya Singh and Mr. Vinod Chandrashekar (nominees of Voltas Limited) are the present Directors of the Company.

11. **Particulars of contracts or arrangements with related parties:**

    There were no related party transactions during the period under review. Since there are no 'material' contracts or arrangement or transactions during the year ended 31st March, 2023, disclosure in Form AOC-2 is not required.

12. **Disclosures as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

    The Company has zero tolerance to sexual harassment at workplace. The Company has not received any complaint on sexual harassment during the financial period.

13. **Secretarial Standards:**

    The Company has complied with the provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

14. **Directors' Responsibility Statement:**

    Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the Statutory Auditors, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures;

(ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2023 and of the loss of the Company for that period;

(iii) they have taken proper and sufficient care to the best of their knowledge and ability, 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;

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

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

15. **Risk Management:**

There are no risks which in the opinion of the Board threaten the existence of the Company.

16. **Particulars of loans, guarantees or investments under Section 186 of the Act during 2022-23:**

During 2022-23, the Company has not given any loan / guarantee or made investment under Section 186.

17. **Proceeding under Insolvency and Bankruptcy Code, 2016:**

During 2022-23, no application was made or proceeding is pending against the Company under Insolvency and Bankruptcy Code, 2016.

18. **Deposits from Public:**

The Company has not accepted any deposits from public under Chapter V of the Companies Act, 2013 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the 31st March, 2023.

19. **Reporting of Fraud:**

During the period under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Board under Section 143(12) of the Act.

On behalf of the Board of Directors

V. P. Malhotra
Dinesh Singh

Directors

Mumbai, 18th April, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of
Hi-Volt Enterprises Private Limited

Report on the Audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Hi-Volt Enterprises Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 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 31st March, 2023, and total comprehensive loss (comprising of loss and other comprehensive loss), 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. Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

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 judgements 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. 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

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. [Section 143(3)(i) is not applicable to Private companies having turnover of less than ₹ 50 crores – Ref MCA Notification No.583(E) dated 13th June, 2017)].

   - 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 A, 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 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, the Ministry of Corporate Affairs has vide Notification No. 583(E) dated 13th June, 2017 exempted in case of Private Limited company which is a small company or having a turnover of less than ₹ 50 crores.

    (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 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 during the year ended 31st March, 2023.

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 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. No dividends are declared and paid during the year by the Company.

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

In our opinion and to the best of our information and according to the explanations given to us, no remuneration was paid by the Company to its directors during the year, therefore the provisions of Section 197 read with Schedule V of the Act is not applicable.

For **Damji Merchant & Co.**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
UDIN : 23183499BGWFGZ5855

Mumbai, 18th April, 2023

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Hi-Volt Enterprises Private Limited on the financial statements as of and for the year ended 31st March, 2023

i. The Company did not hold any fixed assets during the year under report. Accordingly, provisions of Paragraph 3 clause i(a), (b) and (c) of the Order are not applicable.

ii. The Company has no inventories during the period under report. Accordingly, provisions of Paragraph 3 clause ii(a) and (b) of the Order are not applicable.

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 within the meaning of 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, provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess, 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) As the Company did not have any loans or other borrowings from any lender during the period, 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 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, 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 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 during the period.

(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 period on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

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. 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, 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 not entered into transactions with related parties in the current financial year. Accordingly, provisions of Paragraph 3 clause xiii of the Order are not applicable.

xiv. The provisions of Internal Audit under Companies Act, 2013 are not applicable to the Company. Accordingly, provisions of Paragraph 3 clause xiv(a) and (b) of the Order are not applicable.

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 (RBI). Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) According to the information and explanation given to us by the Management, the Group has five CICs which are registered with the RBI and one CIC which is not required to be registered with the RBI.

xvii. The Company has incurred cash losses of ₹ 15,650/- as at 31st March, 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, 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 Company is not covered under Section 135 of the Companies Act. Accordingly, provisions of Paragraph 3 clause xx(a) and (b) of the Order are not applicable.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Damji Merchant & Co.**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
UDIN : 23183499BGWFGZ5855

Mumbai, 18th April, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

	Note		As at 31st March, 2022
	Note	₹	₹
Assets			
Non-current Assets			
Financial assets		**—**	—
		—	—
Current Assets			
Financial assets			
Cash and cash equivalents			
(Balance with bank in Current Account)		**70,658**	86,308
Total		**70,658**	86,308
Equity and Liabilities			
Equity			
Equity share capital	3	**1,00,000**	1,00,000
Other equity	4	**(41,142)**	(25,492)
Total Equity		**58,858**	74,508
Non-current Liabilities		**—**	—
Current Liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro and small enterprises		**—**	—
Total outstanding dues of creditors other than micro and small enterprises		**—**	—
Other financial liabilities	5	**11,800**	11,800
		11,800	11,800
Total		**70,658**	86,308
Significant Accounting Policies	2		

The accompanying Notes form an integral part of the financial statements.

In terms of our report of even date

For **Damji Merchant & Co.**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 18th April, 2023

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 18th April, 2023

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

	Note	₹	Period from 13th September, 2021 to 31st March, 2022 ₹
Income			
Other income		—	—
Total Income		—	—
Expenses			
Finance cost		—	—
Depreciation		—	—
Other operating and general expenses	6	**15,650**	25,492
Total Expenses		**15,650**	25,492
Profit/ (Loss) before exceptional items and tax		**(15,650)**	(25,492)
Exceptional items		—	—
Profit/ (Loss) before tax		**(15,650)**	(25,492)
Tax expenses			
Current tax		—	—
Deferred tax		—	—
Total		—	—
Profit/ (Loss) after tax		**(15,650)**	(25,492)
Other comprehensive income			
Other comprehensive Income for the period		—	—
Total comprehensive Income for the period		**(15,650)**	(25,492)

The accompanying Notes form an integral part of the financial statements.

In terms of our report of even date

For Damji Merchant & Co.
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 18th April, 2023

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 18th April, 2023

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2023

₹

Particulars		Reserves and Surplus			
	Equity Share Capital Subscribed	Securities Premium	General Reserve	Retained Earnings	Total
Balance as at 13th September, 2021	—	—	—	—	—
Loss for the period ended 31st March, 2022	—	—	—	(25,492)	(25,492)
Total Comprehensive Income for the period ended 31st March, 2022	—	—	—	(25,492)	(25,492)
Add/ Less:	1,00,000	—	—	—	1,00,000
Balance as at 31st March, 2022	1,00,000	—	—	(25,492)	74,508
Loss for the year ended 31st March, 2023	—	—	—	**(15,650)**	**(15,650)**
Total Comprehensive Income for the year ended 31st March, 2023	—	—	—	**(15,650)**	**(15,650)**
Add / Less:	—	—	—	—	—
Balance as at 31st March, 2023	**1,00,000**	**—**	**—**	**(41,142)**	**58,858**

The accompanying Notes form an integral part of the financial statements.

In terms of our report of even date

For **Damji Merchant & Co.**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 18th April, 2023

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 18th April, 2023

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

			Period from 13th September, 2021 to 31st March, 2022
		₹	₹
A.	**Cash Flow From Operating Activities**		
	Profit / (Loss) Before Tax	**(15,650)**	(25,492)
	Adjustments For :		
	Depreciation and Amortisation	—	—
		—	—
	Cash Operating Profit before working capital changes	**(15,650)**	(25,492)
	Adjustments for (increase) / decrease in Operating Assets:	—	—
	Adjustments for increase / (decrease) in Operating Liabilities:		
	Trade Payables	—	11,800
		—	11,800
	Cash Generated from Operating Activities	**(15,650)**	(13,692)
	Direct Taxes (Paid) / Refunded	—	—
	Net Cash Generated From Operating Activities (A)	**(15,650)**	(13,692)
B.	**Cash Flow From Investing Activities**		
	Net Cash Generated / (Used) In Investing Activities (B)	—	—
C.	**Cash Flow From Financing Activities**		
	Issue of Shares	—	100,000
	Net Cash Generated / (Used) In Financing Activities (C)	—	100,000
	Net Increase / (Decrease) In Cash and Cash equivalents (A + B + C)	**(15,650)**	86,308
	Cash and Cash Equivalents - Opening	**86,308**	—
	Cash and Cash Equivalents - Closing	**70,658**	86,308

The accompanying Notes form an integral part of the financial statements.

In terms of our report of even date
For **Damji Merchant & Co.**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 18th April, 2023

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 18th April, 2023

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2023

Note 1: Corporate Information

(a) Hi-Volt Enterprises Private Limited ("the Company") is incorporated on 13th September, 2021 and domiciled in India and has its registered office at Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai, 400 033.

(b) The financial statements of the Company are prepared in accordance with Ind-AS, on a going concern basis.

(c) The Management is of the opinion that there is no requirement related to Judgements and Sources of estimation uncertainty.

(d) The Company is incorporated as a wholly owned subsidiary of Voltas Limited to engage in business of sourcing, design, development, manufacturing, marketing, sale and service of Inverter Compressors for Room Air Conditioners, Motors, Controllers for the Room Air Conditioners, all their spare parts and any other components.

Note 2: Significant accounting policies

(a) Statement of compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. As the Company has not started its commercial operations, the Management will decide and implement the Ind-AS to the extent applicable in the next financial year.

(b) Basis of preparation and presentation:

These financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

(c) Critical accounting estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(d) Revenue recognition:

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.

(e) Income Taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

(i) Current tax:

Current Tax expenses are accounted in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws.

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

(ii) Deferred tax :

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognised 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 utilised.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a reasonable certainty to the effect that the Company will pay normal income tax during the specified period.

(f) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised, when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation and the unwinding of the discount is recognised as interest expense.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recognised in the financial statements.

(g) Cash and Cash Equivalent (for the purpose of cash flow statements):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less), which are subject to insignificant risk of changes in value.

(h) Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of no cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash flow for the year are classified by operating, investing and financing activities.

(i) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post- tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year including potential equity shares on compulsory convertible debentures. Diluted earnings per share is computed by adjusting the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

Note 3 : Share Capital:

		As at 31st March, 2022
	₹	₹
Authorised Share Capital		
10,000 Equity Shares of ₹ 10/- each	**1,00,000**	1,00,000
	1,00,000	1,00,000
Issued Share Capital		
10,000 Equity Shares of ₹ 10/- each	**1,00,000**	1,00,000
	1,00,000	1,00,000
Subscribed and Paid Up		
10,000 Equity Shares of ₹ 10/- each	**1,00,000**	1,00,000
	1,00,000	1,00,000

Footnotes:

1. Equity Share Capital - current reporting year :

Balance at the beginning of the current reporting period	**Changes in equity share capital during the current year**	**Balance at the end of the current reporting period**
1,00,000	—	1,00,000

2. Equity Share Capital - previous reporting period:

Balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
—	1,00,000	1,00,000

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2023

Note 3 : Share Capital (contd.)

3. Shareholding of promoters as under:

		Shares held by promoters at the end of the year		
Sr. No.	**Promoter name**	**Nos. of shares**	**% of total shares**	**% Change during the year**
1	Voltas Limited	10,000	100%	—

Note 4 : Other Equity:

		As at 31st March, 2022
	₹	₹
Retained Earnings		
Deficit at the beginning of the year	**(25,492)**	—
Add: Current period loss	**(15,650)**	(25,492)
Closing Retained Earnings	**(41,142)**	(25,492)
Reserves and Surplus Total	**(41,142)**	(25,492)

Note 5 : Other Financial liabilities:

		As at 31st March, 2022
	₹	₹
Other payables		
Related Parties	**—**	—
Others	**11,800**	11,800
	11,800	11,800

Note 6 : Other operating and general expenses:

		Period from 13th September, 2021 to 31st March, 2022
	₹	₹
Rates and Taxes	**900**	3,031
Printing and Stationery	—	1,515
Professional Fees	**2,950**	9,146
Payment made to Statutory Auditors [Refer Footnote (a)]	**11,800**	11,800
	15,650	25,492

Footnote :

(a) Auditor's Remuneration:		
Statutory Audit	**11,800**	11,800
Tax Matters	**—**	—

7. Going Concern:

The loss of the Company of ₹ 15,650/- for the year ended 31st March, 2023 is due to expenses related to statutory compliance activities. The promoters have agreed to provide the required financial support to carry on the operations of the Company and fulfill its commitment.

8. Contingent Liabilities and commitments: NIL

9. Payment to Micro, Small and Medium Enterprises:

The Company is a Small & Medium sized company (SMC) as defined in the general instructions in respect of Accounting Standard notified under the Companies Act, 2013. Accordingly the Company has complied with Accounting Standards as applicable to Small and Medium sized Company.

The Company has not transacted with any small-scale industries during the year. Accordingly, there are no balances due to small-scale industries.

Further, there are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The Small Scale Industrial Undertaking and Micro, Small and Medium Enterprises have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

10. Related Party Transactions:

(**a) The names of related parties of the Company are as under:**

Companies having Significant Influence

Name of the Company	Country of Origin
Voltas Limited	India

Subsidiaries

Nil

(b) Details of related party transactions during the year ended 31st March, 2023 and outstanding balances as at 31st March, 2023:

(Amount / ₹)

Name of the Company	**31st March, 2023**	31st March, 2022
Companies having Significant Influence		
Voltas Limited		
Issue of Equity Shares	**Nil**	1,00,000
Reimbursement of Expenses	**Nil**	2,596

11. Particulars of earnings per share:

(Amount / ₹)

Particulars	**31st March, 2023**	31st March, 2022
Net profit/(loss) for the period as per the Statement of profit and loss	**(15,650)**	(25,492)
Profit/(loss) available to equity share holders	**(15,650)**	(25,492)
Weighted average number of equity shares	**10,000**	10,000
Nominal Value per share	**10**	10
Earnings per share – Basic & Diluted	**(1.57)**	(2.55)

12. Recent accounting pronouncements:

MCA Notification G.S.R. 207(E) dated 24th March, 2021 –

1. Ageing Schedule for Trade Receivable and Trade Payables are not given as there is no data to report.
2. Point no. Y. Additional Regulatory Information –
   (a) Point no. i is not applicable as the Company does not have any immovable properties.
   (b) Point no. ii is not applicable as the Company does not have any Plant, Property and Equipment.
   (c) Point no. iii is not applicable as there are no Loans or Advances granted to promoters, directors, KMPs and the related parties either severally or jointly with any other person.
   (d) Point no. iv is not applicable as the Company does not have any Capital Work in Progress.

NOTES TO FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2023

12. Recent accounting pronouncements: (contd.)

(e) Point no. v is not applicable as the Company does not have any intangible assets under development.

(f) Point no. vi is not applicable as no proceedings against the Company has been initiated under Benami Transactions (Prohibition) Act, 1988 (45 of 1988).

(g) Point no. vii is not applicable as there are no borrowings from banks or financial institutions.

(h) Point no. viii is not applicable as the Company is not a Wilful defaulter.

(i) Point no. ix is not applicable as the Company has not entered into any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.

(j) Point no. x is not applicable as no charges or satisfaction are registered with Registrar of Companies.

(k) Point no. xi is not applicable as the provisions for complying with number of layers of companies is not applicable.

(l) Point no. xii – Ratios are as under :-

Ratios	**FY 2022-23**	FY 2021-22	**Formula**
Current Ratio	5.99	7.31	Current Asset / Current Liabilities excluding current maturities of long term borrowings
Debt-Equity Ratio	NA	NA	Total Debt / Total Equity
Debt Service Coverage Ratio	NA	NA	(Profit Before Tax +Net Interest cost+Provision for Long Term investments+ Depreciation) / (Net Interest cost + Principal Repayment)
Return on Equity Ratio	(0.16)	(0.51)	Profit / (Loss) after tax / Average Total Equity
Inventory Turnover Ratio	NA	NA	NA
Trade Receivables Turnover Ratio	NA	NA	Revenue from operations / * Average Trade Receivables
Trade Payables Turnover Ratio	NA	NA	Revenue from operations / * Average Trade Receivables
Net Capital Turnover Ratio	NA	NA	Net Sales / * Working Capital i.e (Average Current Assets - Average Current Liabilities)
Net Profit Ratio	NA	NA	Profit / (Loss) after tax / Total Income
Return on Capital employed	(16%)	(51%)	EBIT / * Average Equity + Average Debt + Average Leases
Return on investment	NA	NA	NA

The Company is yet to commence operations and expenses incurred are pertaining to statutory compliances. Hence, reasons behind deviations are not provided.

* Average = (Opening + Closing)/2

Signature to Notes 1 to 12

As per our Report of even date
For **Damji Merchant & Co.**
Chartered Accountants
Firm Registration No. 102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 18th April, 2023

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 18th April, 2023

WEATHERMAKER FZE

(FORMERLY KNOWN AS WEATHERMAKER LIMITED)

Directors :

Jitender Pal Verma

A. R. Suresh Kumar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Thirtieth Annual Report and Accounts for the year ended 31st December, 2022.

2. The Company reported lower turnover of United Arab Emirates Dirham (AED) 12.673 million for the year ended 31st December, 2022, as compared to AED 18.257 million in the previous year. Like last year, the increase in commodity prices, especially steel, which is the major raw material used for ducting, continued to have an impact on the profitability resulting in the Company reporting loss of AED 1.561 million for the year under review.

3. The Directors do not recommend any dividend for the year ended 31st December, 2022 (Previous year: Nil).

4. M/s. PKF, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

Directors

Jitender Pal Verma
A. R. Suresh Kumar

Dubai, 27th February, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF

WEATHERMAKER FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **WEATHERMAKER FZE** (formerly known as Weathermaker Limited) (the "Establishment"), which comprise the statement of financial position as at 31st December, 2022, 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 give a true and fair view of the financial position of the Establishment as at 31st December, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Establishment in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), 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.

Other Information

Management is responsible for the other information. Other information comprises the Directors' report which we obtained prior to the date of this auditor's report. The 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 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 on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the 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 financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016, 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 Establishment'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 Establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Establishment'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 it 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 a 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 Establishment'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 Establishment'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 Establishment 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 give 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.

Report on other legal and regulatory requirements

We further confirm that the financial statements comply with the applicable provisions of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

For PKF
S. D. Pereira
Partner
Auditor registration no. 552

Dubai, 6th March, 2023

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	Notes	**AED**	2021 AED	**₹ in '000s**	2021 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**20,54,874**	11,69,108	**46,297**	23,721
Intangible assets	7	**4,313**	10,699	**97**	217
		20,59,187	11,79,807	**46,394**	23,938
CURRENT ASSETS					
Inventories	8	**28,71,277**	37,77,899	**64,690**	76,654
Trade and other receivables	9	**1,16,61,431**	1,33,38,404	**2,62,732**	2,70,636
Other current assets	10	**9,64,890**	9,73,307	**21,739**	19,748
Other financial assets	12	**7,00,000**	7,22,954	**15,770**	14,669
Cash and cash equivalents	13	**13,25,939**	13,49,491	**29,873**	27,381
		1,75,23,537	2,01,62,055	**3,94,804**	4,09,088
TOTAL ASSETS		**1,95,82,724**	2,13,41,862	**4,41,198**	4,33,026
EQUITY AND LIABILITIES					
SHAREHOLDER'S EQUITY FUNDS					
Share capital	14	**15,00,000**	15,00,000	**33,795**	30,435
Retained earnings		**1,20,18,393**	1,33,92,581	**2,70,774**	2,71,735
		1,35,18,393	1,48,92,581	**3,04,569**	3,02,170
NON-CURRENT LIABILITIES					
Provision for staff end-of-service benefits	15	**4,09,591**	8,95,834	**9,228**	18,176
Lease liabilities	16	**17,32,000**	4,03,723	**39,022**	8,192
		21,41,591	12,99,557	**48,250**	26,368
CURRENT LIABILITIES					
Trade and other payables	17	**31,79,503**	40,40,952	**71,634**	81,991
Other current liabilities	18	**6,19,437**	6,89,622	**13,956**	13,992
Lease liabilities	16	**1,23,800**	4,19,150	**2,789**	8,505
		39,22,740	51,49,724	**88,379**	1,04,488
TOTAL LIABILITIES		**60,64,331**	64,49,281	**1,36,629**	1,30,856
TOTAL EQUITY AND LIABILITIES		**1,95,82,724**	2,13,41,862	**4,41,198**	4,33,026

The accompanying Notes form an integral part of these financial statements.

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 AED = ₹ 22.53 being the exchange rate prevailing as on 31st December, 2022. Previous year figures have been converted @ 1 AED = ₹ 20.29 being the exchange rate prevailing as on 31st December, 2021.

Directors **Jitender Pal Verma**

Dubai, 27th February, 2023 **A. R. Suresh Kumar**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Notes		2021		2021
		AED	AED	**₹ in '000s**	₹ in '000s
Revenue	20	**1,26,72,872**	1,82,56,691	**2,71,326**	3,67,325
Cost of sales	21	**(1,25,00,270)**	(1,69,68,610)	**(2,67,631)**	(3,41,408)
Gross profit		**1,72,602**	12,88,081	**3,695**	25,917
Other income	22	**13,64,712**	4,73,954	**29,218**	9,536
Distribution costs	23	**(10,84,358)**	(11,20,206)	**(23,216)**	(22,539)
Administrative expenses	24	**(16,77,851)**	(17,30,939)	**(35,923)**	(34,826)
Impairment of financial assets	25	**(2,45,007)**	(4,09,148)	**(5,246)**	(8,232)
Finance costs	26	**(91,974)**	(83,332)	**(1,969)**	(1,677)
LOSS FOR THE YEAR		**(15,61,876)**	(15,81,590)	**(33,441)**	(31,821)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
- Actuarial gain recognised		**1,87,688**	1,02,906	**4,019**	2,070
Total Comprehensive income for the year		**(13,74,188)**	(14,78,684)	**(29,422)**	(29,751)

The accompanying Notes form an integral part of these financial statements.

Note: The Statement of Comprehensive Income has been converted into Indian Rupees @ 1 AED = ₹ 21.41 being the average of the exchange rates prevailing as on 31st December, 2022 (1 AED = ₹ 22.53) and as on 31st December, 2021 (1 AED = ₹ 20.29). Previous year figures have been converted @ 1 AED = ₹ 20.12 being the average of the exchange rates prevailing as on 31st December, 2021 (1 AED = ₹ 20.29) and as on 31st December, 2020 (1 AED = ₹ 19.95).

Directors **Jitender Pal Verma**

Dubai, 27th February, 2023 **A. R. Suresh Kumar**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Share capital		**Retained earnings**		**Total**	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2021	15,00,000	29,925	1,48,71,265	2,96,682	1,63,71,265	3,26,607
Total comprehensive income for the year						
- Loss for the year	—	—	(15,81,590)	(31,821)	(15,81,590)	(31,821)
- Other comprehensive income	—	—	1,02,906	2,070	1,02,906	2,070
Balance at 31st December, 2021	15,00,000	30,435	1,33,92,581	2,71,735	1,48,92,581	3,02,170
Total comprehensive income for the year						
- Loss for the year	—	—	(15,61,876)	(33,441)	(15,61,876)	(33,441)
- Other comprehensive income	—	—	1,87,688	4,019	1,87,688	4,019
Balance at 31st December, 2022	**15,00,000**	**33,795**	**1,20,18,393**	**2,70,774**	**1,35,18,393**	**3,04,569**

The accompanying Notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2022

		2021		2021
	AED	AED	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Loss for the year	**(15,61,876)**	(15,81,590)	**(33,441)**	(31,821)
Adjustments for:				
Depreciation of property, plant and equipment	**2,55,845**	5,94,485	**5,478**	11,961
Amortisation of intangible assets	**6,386**	28,865	**137**	581
Finance costs	**91,974**	83,332	**1,969**	1,677
Allowance for expected credit losses	**2,45,007**	4,09,148	**5,246**	8,232
Inventory provision written back	—	(61,303)	—	(1,233)
Provision for staff end-of-service gratuity	**1,77,830**	1,87,160	**3,807**	3,766
	(7,84,834)	(3,39,903)	**(16,804)**	(6,837)
Changes in:				
- Inventories	**9,06,622**	(7,78,013)	**11,606**	(16,860)
- Trade and other receivables	**14,31,966**	1,13,477	**658**	2,533
- Other current assets	**8,417**	3,243	**(1,991)**	531
- Other current financial assets	**22,954**	—	**(1,102)**	—
- Trade and other payables	**(8,61,449)**	19,34,933	**(10,357)**	41,092
- Other current liabilities	**(70,185)**	1,95,232	**(37)**	4,129
Staff end-of-service gratuity paid	**(4,76,385)**	(3,85,659)	**(10,199)**	(7,759)
Net cash from operating activities	**1,77,106**	7,43,310	**3,990**	15,082
Cash flows from investing activities				
Payments for property, plant and equipment	**(22,726)**	(1,23,806)	**(487)**	(2,491)
Net cash used in investing activities	**(22,726)**	(1,23,806)	**(512)**	(2,512)
Cash flows from financing activities				
Payment of lease liabilities	**(1,77,932)**	(5,10,243)	**(3,810)**	(10,266)
Net cash used in financing activities	**(1,77,932)**	(5,10,243)	**(4,009)**	(10,353)
Net (decrease)/increase in cash and cash equivalents	**(23,552)**	1,09,261	**2,492**	2,639
Cash and cash equivalents at beginning of year	**13,49,491**	12,40,230	**27,381**	24,743
Cash and cash equivalents at end of year (Note 13)	**13,25,939**	13,49,491	**29,873**	27,381

The accompanying Notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. LEGAL STATUS AND BUSINESS ACTIVITY

(a) **WEATHERMAKER FZE** (formerly known as Weathermaker Limited) ("the Establishment") is a free zone establishment under the applicable provisions of Jebel Ali Free Zone Companies Implementing Regulations 2016. The Establishment was registered on 12th October, 1992 as a limited liability company incorporated in the Isle of Man in accordance with the provision of the Isle of Man Companies Act, 1931 to 2004 and the business activities have been carried out in Jebel Ali, Dubai, U.A.E. under a special license issued by the Jebel Ali Free Zone Authority, having a registered office at P.O. Box 17127, Jebel Ali, Dubai, U.A.E.

On 12th August, 2021, the legal process for re-domiciliation of the Company as a free zone establishment with the Jebel Ali Free Zone Authority were completed. The consent for discontinuation of the Company incorporated in the Isle of Man and continuation as an Establishment with Jebel Ali Free Authority in the U.A.E. was issued by the Registrar of Companies in Isle of Man and the certificate of continuation was issued by the Jebel Ali Free Zone Authority on 3rd November, 2021. Accordingly, the name of the Company was changed to Weathermaker FZE.

(b) The Establishment's principal activity as per trade license comprise of manufacturing of central air-conditioning requisites, fire rated ducts, ventilation equipment and steel fabrication and welding workshop. The Establishment has taken additional trading license with License No. 183266 on 2nd March, 2020. The activities as per the trading license comprise trading in steel and basic steel products, basic non-ferrous metal products, bolts, nuts, screws and nails, insulation and protection materials, pipes and fittings, fibre glass products and building metal products.

(c) The parent company is Voltas Limited, incorporated in India, which is considered to be the ultimate parent Establishment. The deemed beneficial owner is Voltas Limited, represented by Mr. Pradeep Kumar Bakshi, Managing Director and CEO.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1st January, 2022 and the requirements of the Jebel Ali Free Zone Companies Implementing Regulations 2016.

(b) Basis of measurement

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

(c) Going concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, Management makes an assessment of the Establishment's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless Management either intends to liquidate the Establishment or to cease operations, or has no realistic alternative but to do so.

(d) Functional and presentation currency

The financial statements are presented in UAE Dirhams ("AED") which is also the Establishment's functional currency.

(e) Adoption of new International Financial Reporting Standards

Standards, amendments, improvements and interpretations effective for the current period

The following amendments, improvements and interpretations which became effective for current period, did not have any significant impact on the Establishment's financial statements:

- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 1.
- Reference to the Conceptual Framework – Amendments to IFRS 3.
- Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37.
- Annual Improvements to IFRS Standards 2018 – 2020:
    - IFRS 9 Financial Instruments.
    - IFRS 16 Leases.
    - IFRS 1 First-time Adoption of International Financial Reporting Standards.
    - IAS 41 Agriculture.

(e) Adoption of new International Financial Reporting Standards (contd.)

New and revised IFRSs in issue but not yet effective and not early adopted

The following amendments, improvements and interpretations that are assessed by Management as likely to have impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (1st January, 2023).
- IFRS 17 – Insurance Contracts (1st January, 2023).
- Amendments to IFRS 17 – Insurance Contracts (1st January, 2023).
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (1st January, 2023).
- Definition of Accounting Estimates – Amendments to IAS 8 (1st January, 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (1st January, 2023).
- Amendments to IFRS 10 and IAS 28: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold to an associate or a joint venture (The IASB postponed the effective date of this amendment indefinitely). (Early adoption is permitted).

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is de-recognised, using the straight-line method over the estimated useful lives of the assets as follows:

Right-of-use assets	20 years
Factory building	10 years
Plant, machinery and equipment	6 to 10 years
Furniture, fixtures and office equipment	4 years
Vehicles	3 years

The Establishment has presented right-of-use assets representing right to use the underlying assets under property, plant and equipment [Refer Notes 3(h) and 6].

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 expenditure will flow to the Establishment and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Establishment recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced part is de-recognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income / expenses' in profit or loss.

(b) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of computer software is amortised over five years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

(c) Impairment of tangible and intangible assets

At each reporting date, the Management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

(c) Impairment of tangible and intangible assets (contd.)

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Inventories

Inventories are stated at the lower of cost and net realsable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realisable value is based on estimated selling prices less any estimated cost of completion and disposal.

Finished goods and work-in-progress are stated at lower of cost and net realisable value. Cost comprises of direct materials, labour and other attributable overheads.

(e) Staff benefits

The Establishment provides staff end-of-service benefits to its non-UAE national employees as per the applicable local laws. The entitlement to these benefits is based on the employees' last drawn salary and length of services which is accrued over the period of employment. Provision for staff end-of-services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave for eligible employees as per the policy of the Establishment. Provision relating to annual leave is disclosed as current liability as employees are entitled to redeem these benefits at any point of time after the reporting period.

(f) Revenue recognition

The Establishment is in the business of manufacturing in duct and ducts accessories and trading in steel and basic steel products, basic nonferrous metal products, bolts, nuts, screws and nails, insulation and protection materials, pipes and fittings, fiber glass products and building metal products.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Establishment expects to be entitled in exchange for those goods or services.

The Establishment recognises revenue from contracts with customers based on five-step model as set out in IFRS 15:

1. Identify the contracts with customers: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to a customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Establishment expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligation in the contract: For a contract that has more than one performance obligation, the Establishment will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Establishment expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Establishment satisfies a performance obligation at a point of time or over time.

The Establishment satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Establishment's performance as the Establishment performs; or
- The Establishment's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Establishment's performance does not create an asset with an alternative use to the Establishment and the Establishment has an enforceable right to payment for performance completed to date.

The Establishment is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue.

(f) Revenue recognition (contd.)

Sale of goods

The Establishment has concluded that revenue from sale of goods should be recognised at a point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

(g) Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(h) Leases

As a lessee

The Establishment leases office and factory premises. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets are not used as security for borrowing purposes.

Right-of-use assets

The Establishment recognises right-of-use assets at 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 reimbursement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial costs; and
- restoration costs.

Unless the Establishment is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

The Establishment recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net 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;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating the lease, if the lease term reflects the Establishment exercising the option to terminate.

The Establishment uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments and uses the incremental borrowing rate at the commencement date of the lease if the profit rate implicit in the lease is not readily determinable. Further, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the 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.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

(j) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

(k) Provisions

A provision is recognised when the Establishment has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

(l) Value Added Tax (VAT)

As per Federal Decree-Law No. (08) of 2017, VAT is charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the taxable person. The Establishment files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposit the same within the prescribed due dates of filing VAT return and tax payment.

The Establishment charges and recovers VAT on every taxable supply and deemed supply, in accordance with the applicable commercial VAT laws. Irrecoverable VAT for which Establishment cannot avail the credit is charged to the relevant expenditure category or included in costs of non-current assets. The Establishment files its VAT returns and computes the payable tax (which is output tax less input tax) for the allotted tax periods and deposits the same within the prescribed due dates of filing VAT return and tax payment. VAT receivable and VAT payable are offset and the net amount is reported in the statement of financial position as the Establishment has a legally enforceable right to offset the recognised amounts and has the intention to settle the same on net basis.

(m) Current versus non-current classification

The Establishment presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 equivalents 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 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 Establishment classifies all other liabilities as non-current.

(n) Financial instruments

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; debt investment at fair value through other comprehensive income ("FVTOCI"), equity investment at fair value through other comprehensive income, or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Establishment's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, 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 performed at an instrumental level.

The Establishment's business model for arranging 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 cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Establishment determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Establishment becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Establishment commits to purchase or sell the asset.

(n) Financial instruments (contd.)

De-recognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Establishment 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 Establishment has transferred substantially all the risks and rewards of the asset, or
  - (b) the Establishment has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished, i.e., when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transactions cost that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Establishment may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets and liabilities.

Financial assets

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any (except for those assets that are designated as at FVTOCI on initial recognition) using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

The financial assets at amortised cost comprise of trade and other receivables, other current financial assets and cash and cash equivalents.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise of trade and other payables and lease liabilities.

Impairment of financial assets

The Establishment recognised an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Establishment 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.

Loss allowances are measured on either of the following basis:

- 12-month ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: ECLs that result from all possible default events over the expected life of a financial instrument.

The Establishment measures loss allowance at an amount equal to lifetime expected credit losses, except for the following which are measured as 12-month ECLs:

- Bank balances, other current financial assets and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

(n) Financial instruments (contd.)

The Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. The Establishment applies a simplified approach in calculating ECLs. The Establishment does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Establishment 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Establishment considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Establishment's historical experience and informed credit assessment and including forward looking information.

The Establishment assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Establishment considers a financial asset to be in default when:

- The customer is unlikely to pay its credit obligations to the Establishment in full, without recourse by the Establishment to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Establishment is exposed to credit risk.

At each reporting date, the Establishment assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset. For financial assets carried at FVTOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset.

Offsetting

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.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Establishment.

(o) Fair value measurement

The Establishment discloses the fair value of financial instruments measured at amortised cost.

The 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 principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits 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.

4. SIGNIFICANT JUDGEMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Establishment's business model for managing them.

Impairment

At each reporting date, Management conducts an assessment of property, plant, equipment and intangible assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

4. SIGNIFICANT JUDGEMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES (contd.)

The Establishment applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECL or Lifetime ECL depending on credit risk characteristics and how changes in economic factors affect ECL, which are determined on a probability-weighted basis.

Leases

Determining the lease term

The Establishment determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Establishment has the option, under some of its leases to lease the assets for additional years. The Establishment applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Establishment considers following factors that are normally the most relevant, such as (i) significant penalties to terminate (or not extend), the Establishment is typically reasonably certain to extend (or not terminate) (ii) if any leasehold improvements are expected to have a significant remaining value, the Establishment is typically reasonably certain to extend (or not terminate) (iii) Otherwise, the Establishment considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset, that create an economic incentive for it to exercise the renewal. After the commencement date, the Establishment reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Discounting of lease payments

The lease payments are discounted using the Establishment's incremental borrowing rate (IBR) of 5.50% per annum (Previous year: 5% per annum), due to the absence of implicit rates in the lease contracts.

Management has applied judgements and estimates to determine the IBR at the transition date, using borrowing rates that certain financial institutions would charge the Establishment against financing the different types of assets it leases over different terms and different ranges of values. IBR is further adjusted for Establishment's specific risk, term risk and underlying asset risk. Majority of leases are present in UAE and accordingly no adjustment for the economic environment was deemed required.

Most extension options in offices have not been included in the lease liability, because the Establishment could replace the assets without significant cost or business disruption.

Recognition of revenue and allocation of transaction price

Identification of performance obligations

The Establishment determined that the sale of goods is provided as a single component to customers and accordingly it becomes single performance obligation in respect of the goods being sold.

Determine timing of satisfaction of performance obligation

The Establishment concluded that the revenue from sales of goods is to be recognised at a point in time when the control of goods has transferred to the customers. Payment of the transaction price is due immediately at the point the customer purchases the goods.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made 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 as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the Establishment's inventory, stated at AED 32,30,115 (₹ 7.28 crores) [(Previous year: AED 41,93,494 (₹ 8.51 crores)] in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant and equipment and intangible assets are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The Management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3 (n).

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 4,09,591 (₹ 0.92 crore) [(Previous year: AED 8,95,834 (₹ 1.82 crores)] assuming that all employees were to leave as of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets		Factory building		Plant & Machinery and Equipment		Furniture, Fixtures and Office Equipment		Vehicles		Total	
	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s	AED	₹ in '000s
Cost												
At 1st January, 2021	14,61,350	29,154	9,16,833	18,291	36,51,477	72,847	3,85,150	7,684	3,20,000	6,384	67,34,810	1,34,360
Additions	—	—	—	—	1,13,451	2,283	10,355	208	—	—	1,23,806	2,491
At 31st December, 2021	14,61,350	29,650	9,16,833	18,603	37,64,928	76,390	3,95,505	8,025	3,20,000	6,493	68,58,616	1,39,161
Additions	17,88,220	38,286	—	—	15,976	342	6,750	145	—	—	18,10,946	38,773
Disposals	—	—	—	—	(4,93,944)	(10,575)	—	—	—	—	(4,93,944)	(10,575)
Written off during the year	(14,61,350)	(31,288)	—	—	—	—	—	—	—	—	(14,61,350)	(31,288)
At 31st December, 2022	**17,88,220**	**40,289**	**9,16,833**	**20,656**	**32,86,960**	**74,055**	**4,02,255**	**9,063**	**3,20,000**	**7,210**	**67,14,268**	**1,51,273**
Accumulated depreciation												
At 1st January, 2021	1,75,575	3,503	9,15,471	18,264	33,26,189	66,357	3,59,789	7,178	3,17,999	6,344	50,95,023	1,01,646
Depreciation	5,27,877	10,621	1,362	27	54,166	1,090	11,080	223	—	—	5,94,485	11,961
At 31st December, 2021	7,03,452	14,273	9,16,833	18,603	33,80,355	68,587	3,70,869	7,524	3,17,999	6,453	56,89,508	1,15,440
Depreciation	1,92,539	4,123	—	—	58,242	1,247	5,064	108	—	—	2,55,845	5,478
Adjustment on disposals	—	—	—	—	(4,93,944)	(10,575)	—	—	—	—	(4,93,944)	(10,575)
Written off during the year	(7,92,015)	(16,957)	—	—	—	—	—	—	—	—	(7,92,015)	(16,957)
At 31st December, 2022	**1,03,976**	**2,343**	**9,16,833**	**20,656**	**29,44,653**	**69,343**	**3,75,933**	**8,469**	**3,17,999**	**7,165**	**46,59,394**	**1,04,976**
Carrying amount												
At 1st January, 2021	12,85,775	25,651	1,362	27	3,25,288	6,490	25,361	506	2,001	40	16,39,787	32,714
At 31st December, 2021	7,57,898	15,377	—	—	3,84,573	7,803	24,636	501	2,001	40	11,69,108	23,721
At 31st December, 2022	**16,84,244**	**37,946**	**—**	**—**	**3,42,307**	**7,712**	**26,322**	**594**	**2,001**	**45**	**20,54,874**	**46,297**

Note: Right-of-use assets represents the right-of-use over leasehold factory building located in Jebel Ali Free Zone. The lease hold interest in land is capitalised as right-of-use asset and the period is of twenty years (Note 16).

7. INTANGIBLE ASSETS

	Computer software	
	AED	₹ in '000s
Cost		
At 1st January, 2021	1,69,524	3,382
Additions	—	—
At 31st December, 2021	1,69,524	3,440
Additions	—	—
At 31st December, 2022	**1,69,524**	**3,819**
Accumulated amortisation		
At 1st January, 2021	1,29,960	2,593
Amortisation	28,865	581
At 31st December, 2021	1,58,825	3,223
Amortisation	6,386	137
At 31st December, 2022	**1,65,211**	**3,722**
Carrying amount		
At 1st January, 2021	39,564	789
At 31st December, 2021	10,699	217
At 31st December, 2022	**4,313**	**97**

	AED	As at 31-12-2021 AED	₹ in '000s	As at 31-12-2021 ₹ in '000s
8. INVENTORIES				
Raw materials	**31,84,919**	41,77,975	**71,757**	84,772
Work-in-progress	**13,094**	9,684	**295**	196
Finished goods	**32,102**	5,835	**723**	118
	32,30,115	41,93,494	**72,775**	85,086
Less: Provision for slow moving inventories	**(3,58,838)**	(4,15,595)	**(8,085)**	(8,432)
	28,71,277	37,77,899	**64,690**	76,654
A reconciliation of the movements in the provision for slow moving inventories is as follows:				
At 1st January	**4,15,595**	4,76,898	**8,432**	9,514
Inventories written off against provision	**(56,757)**	—	**(1,215)**	—
Provisions no longer required written back	—	(61,303)	—	(1,233)
At 31st December	**3,58,838**	4,15,595	**8,085**	8,432
An age analysis of inventories as at the reporting date is as follows:				
Less than a year	**26,94,555**	34,51,965	**60,709**	70,041
1 to 2 years	**1,47,024**	1,66,205	**3,312**	3,372
2 to 3 years	**59,201**	2,35,133	**1,334**	4,771
Above 3 years	**3,29,335**	3,40,191	**7,420**	6,902
	32,30,115	41,93,494	**72,775**	85,086

	AED	As at 31-12-2021 AED	₹ in '000s	As at 31-12-2021 ₹ in '000s
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1,25,86,108**	1,41,00,450	**2,83,565**	2,86,098
Less: Allowance for expected credit losses (ECL)	**(11,51,562)**	(9,06,555)	**(25,945)**	(18,394)
	1,14,34,546	1,31,93,895	**2,57,620**	2,67,704
Deposits	**2,12,509**	1,24,199	**4,788**	2,520
Employee advances	**4,792**	14,311	**108**	290
Other receivables	**9,584**	5,999	**216**	122
	1,16,61,431	1,33,38,404	**2,62,732**	2,70,636
A reconciliation of the movements in the allowance for ECL for trade receivables is as follows:				
At 1st January	**9,06,555**	4,97,407	**18,394**	9,923
Provisions made during the year	**2,45,007**	4,09,148	**5,246**	8,232
At 31st December	**11,51,562**	9,06,555	**25,945**	18,394

The Establishment holds post-dated cheques amounting to AED 6,92,444 (₹ 1.56 crores) [Previous year: AED 8,70,426 (₹ 1.77 crores)] as security against past due but not impaired receivables.

	AED	As at 31-12-2021 AED	₹ in '000s	As at 31-12-2021 ₹ in '000s
10. OTHER CURRENT ASSETS				
Prepayments	**5,16,218**	2,32,110	**11,630**	4,710
Advance for goods and services	**2,36,615**	2,29,862	**5,331**	4,663
VAT receivable (net)	**2,12,057**	5,11,335	**4,778**	10,375
	9,64,890	9,73,307	**21,739**	19,748

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

11. RELATED PARTIES

The Establishment enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The Management considers such transactions to be in the normal course of business and at prices determined by the Management.

Related parties comprise the Directors, parent company, branches of parent company and companies under common ownership and / or common management control and Directors.

At the reporting date, significant balances with related parties were as follows:

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Trade and other receivables	**82,40,715**	75,18,147	**1,85,663**	1,52,544

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Note 30.

Significant transactions with related parties during the year were as follows:

	AED	2021 AED	**₹ in '000s**	2021 ₹ in '000s
Revenue	**85,59,417**	1,06,76,076	**1,83,257**	2,14,803
Expenses charged to related parties (included in other operating income)	**10,16,797**	1,21,593	**21,770**	2,446
Salaries and expenses recharged by related parties (included in cost of sales and administrative expenses)	**7,18,745**	11,64,332	**15,388**	23,426
Recharge of expenses from a related party (included in other direct costs in cost of sales)	**4,84,546**	10,83,087	**10,374**	21,792

Certain administrative and staff related services are availed from a related party as per agreed rates.

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
12. OTHER FINANCIAL ASSETS				
At amortised cost				
Fixed deposits	—	3,97,954	—	8,075
Margin deposits	**7,00,000**	3,25,000	**15,770**	6,594
	7,00,000	7,22,954	**15,770**	14,669

Note: Out of total deposits, AED 7,00,000 (₹ 1.58 crores) [Previous year: AED 7,00,000 (₹ 1.42 crores)] is held by bank as security for guarantees issued (Note 31).

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
13. CASH AND CASH EQUIVALENTS				
Cash on hand	**2,854**	2,854	**64**	58
Bank balances in current accounts	**13,23,085**	13,46,637	**29,809**	27,323
	13,25,939	13,49,491	**29,873**	27,381

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
14. SHARE CAPITAL				
Issued and paid up				
1 share of AED 15,00,000	**15,00,000**	15,00,000	**33,795**	30,435

Note: The entire share capital as at 31st December, 2022 is held by Voltas Limited, incorporated in India.

	AED	As at 31-12-2021 AED	₹ in '000s	As at 31-12-2021 ₹ in '000s
15. PROVISION FOR STAFF END-OF-SERVICE BENEFITS				
The amount included in the statement of financial position in respect of defined benefit plan is as follows:				
Present value of unfunded obligation	**4,09,591**	8,95,834	**9,228**	18,176
Movements in the present value of defined employee benefits obligation are as follows:				
At 1st January	**8,95,834**	11,70,322	**18,176**	23,348
Service cost	**1,77,830**	1,87,160	**3,807**	3,766
Interest cost	—	26,917	—	542
Actuarial loss on obligation	**(1,87,688)**	(1,02,806)	**(4,018)**	(2,070)
Benefits paid during the year	**(4,76,385)**	(3,85,659)	**(10,199)**	(7,759)
At 31st December	**4,09,591**	8,95,834	**9,228**	18,176
Expenses recognised in profit or loss during the year are as follows:				
Service cost (Note 28)	**1,77,830**	1,87,160	**3,807**	3,766
Interest cost (Note 26)	—	26,917	—	542
	1,77,830	2,14,077	**3,807**	4,308

Principal assumptions used for the purpose of actuarial valuation are as follows:

		2021
Discount rate	**4.60%**	2.50%
Salary escalation rate (per annum)	**1.00%**	3.00%
Mortality rate	**Indian Assured lives Mortality 2012-14 (Urban)**	Indian Assured lives Mortality 2006-08 (Ultimate)
Employee turnover rate	**18.00%**	1.00%

In accordance with the provisions of IAS 19, the Management has carried out an exercise to assess the present value of its obligations as at 31st December, 2022, using the projected unit credit method, in respect of employees' end-of-service benefits payable under the local labour laws. Under this method, an assessment has been made of an employee's expected service life with the Establishment and the expected basic salary as at the date of leaving the service.

	AED	As at 31-12-2021 AED	₹ in '000s	As at 31-12-2021 ₹ in '000s
16. LEASE LIABILITIES				
Lease liabilities for long-term leases for factory building including plot of land	**18,55,800**	8,22,873	**41,811**	16,697
Disclosed in the statement of financial position as follows:				
Non-current liabilities	**17,32,000**	4,03,723	**39,022**	8,192
Current liabilities	**1,23,800**	4,19,150	**2,789**	8,505
	18,55,800	8,22,873	**41,811**	16,697
A reconciliation of the movements in the lease liabilities is as follows:				
At 1st January	**8,22,873**	12,76,701	**16,697**	25,470
Additions	**17,88,220**	—	**38,286**	—
Lease written off due to modification	**(6,69,335)**	—	**(14,330)**	—
Finance costs for the year	**91,974**	56,415	**1,969**	1,135
Payments made during the year	**(1,77,932)**	(5,10,243)	**(3,810)**	(10,266)
At 31st December	**18,55,800**	8,22,873	**41,811**	16,697

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

16. LEASE LIABILITIES (contd.)

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
A maturity analysis of lease liabilities is as follows:				
1 month - 3 months	**41,267**	1,28,044	**930**	2,598
3 months - 1 year	**82,533**	2,91,106	**1,859**	5,907
Presented as current liabilities	**1,23,800**	4,19,150	**2,789**	8,505
1 year - 5 years	**17,32,000**	4,03,723	**39,022**	8,192
Total	**18,55,800**	8,22,873	**41,811**	16,697

Reconciliation of undiscounted lease liabilities to the lease liabilities as stated in the statement of financial position is as follows:

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Lease payments due	**29,25,724**	8,58,666	**65,917**	17,423
Less: Finance cost on leases	**(10,69,924)**	(35,793)	**(22,907)**	(720)
Disclosed in the statement of financial position	**18,55,800**	8,22,873	**41,811**	16,697

17. TRADE AND OTHER PAYABLES

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Trade payables	**28,31,191**	31,19,201	**63,786**	63,288
Accruals	**3,47,841**	9,11,621	**7,837**	18,497
Other payables	**471**	10,130	**11**	206
	31,79,503	40,40,952	**71,634**	81,991

18. OTHER CURRENT LIABILITIES

	AED	As at 31-12-2021 AED	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Employee related accruals	**6,19,437**	6,89,622	**13,956**	13,992

19. MANAGEMENT OF CAPITAL

The Establishment's objectives when managing capital are to ensure that the Establishment continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Establishment is not subject to any externally imposed capital requirements.

Funds generated from internal accruals are retained in the business according to the business requirements and maintain capital at desired levels.

20. REVENUE

The Establishment generates revenue from the sale of goods at a point in time. The disaggregated revenue from contracts with customers by geographical segments, type of goods and sales channel is prescribed below. The Management believes that this best depicts the nature, amount, timing and uncertainty of the Establishment's revenue and cash flows.

		2021		2021
	AED	AED	**₹ in '000s**	₹ in '000s
Primary Geographical segments				
- UAE	**95,98,467**	1,69,12,294	**2,05,503**	3,40,276
- Other Middle East countries	**30,74,405**	1,83,129	**65,823**	3,685
- Africa	—	4,67,808	—	9,412
- Asia	—	6,93,460	—	13,952
	1,26,72,872	1,82,56,691	**2,71,326**	3,67,325
Major goods lines				
- Revenue from manufacturing of duct and ducts accessories	**1,06,95,256**	1,70,95,423	**2,28,985**	3,43,960
- Revenue from trading	**19,77,616**	11,61,268	**42,341**	23,365
	1,26,72,872	1,82,56,691	**2,71,326**	3,67,325
Timing of revenue recognition				
- At a point of time	**1,26,72,872**	1,82,56,691	**2,71,326**	3,67,325

21. COST OF SALES

		2021		2021
	AED	AED	**₹ in '000s**	₹ in '000s
Purchase of trading inventories	**15,70,598**	9,10,564	**33,627**	18,320
Materials consumed	**55,81,916**	85,16,851	**1,19,509**	1,71,359
Sub-contract costs	**7,06,357**	19,77,517	**15,123**	39,788
Staff salaries and benefits (Note 27)	**29,97,440**	28,77,191	**64,175**	57,889
Staff end-of-service gratuity (Note 28)	**1,67,834**	1,13,740	**3,593**	2,288
Depreciation of property, plant and equipment (Note 29)	**2,46,157**	5,89,358	**5,270**	11,858
Short term lease expenses	**3,86,394**	4,08,459	**8,273**	8,218
Recharge of other direct cost	**4,84,546**	10,83,087	**10,374**	21,792
Other direct costs	**3,88,705**	5,00,198	**8,322**	10,064
	1,25,29,947	1,69,76,965	**2,68,266**	3,41,576
Changes in inventory of work-in-progress and finished goods	**(29,677)**	(8,355)	**(635)**	(168)
	1,25,00,270	1,69,68,610	**2,67,631**	3,41,408

22. OTHER INCOME

		2021		2021
	AED	AED	**₹ in '000s**	₹ in '000s
Sale of scrap	**3,47,915**	2,91,058	**7,448**	5,857
Provision for slow moving inventory written back	—	61,303	—	1,233
Recharge of expenses to a related party	**10,16,797**	1,21,593	**21,770**	2,446
	13,64,712	4,73,954	**29,218**	9,536

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

	AED	2021 AED	₹ in '000s	2021 ₹ in '000s
23. DISTRIBUTION COSTS				
Staff salaries and benefits (Note 27)	**3,80,683**	3,55,726	**8,150**	7,157
Staff end-of-service gratuity (Note 28)	**9,996**	5,045	**214**	102
Other distribution costs	**6,93,679**	7,59,435	**14,852**	15,280
	10,84,358	11,20,206	**23,216**	22,539

	AED	2021 AED	₹ in '000s	2021 ₹ in '000s
24. ADMINISTRATIVE EXPENSES				
Staff salaries and benefits (Note 27)	**10,39,026**	8,47,764	**22,246**	17,056
Staff end-of-service gratuity (Note 28)	**—**	68,375	**—**	1,376
Depreciation of property, plant and equipment (Note 29)	**9,688**	5,127	**207**	103
Amortisation	**6,386**	28,865	**137**	581
Other expenses	**6,22,751**	7,80,808	**13,333**	15,710
	16,77,851	17,30,939	**35,923**	34,826

	AED	2021 AED	₹ in '000s	2021 ₹ in '000s
25. IMPAIRMENT OF FINANCIAL ASSETS				
On trade receivables	**2,45,007**	4,09,148	**5,246**	8,232

26. FINANCE COSTS

	AED	2021 AED	₹ in '000s	2021 ₹ in '000s
Interest on lease liabilities	**91,974**	56,415	**1,969**	1,135
Interest cost on defined employee benefit plan	—	26,917	—	542
	91,974	83,332	**1,969**	1,677

27. STAFF SALARIES AND BENEFITS

	AED	2021 AED	₹ in '000s	2021 ₹ in '000s
Allocated to cost of sales (Note 21)	**29,97,440**	28,77,191	**64,175**	57,889
Allocated to distribution costs (Note 23)	**3,80,683**	3,55,726	**8,150**	7,157
Allocated to administrative expenses (Note 24)	**10,39,026**	8,47,764	**22,246**	17,056
	44,17,149	40,80,681	**94,571**	82,102

28. STAFF END-OF-SERVICE GRATUITY

	AED	2021 AED	₹ in '000s	2021 ₹ in '000s
Allocated to cost of sales (Note 21)	**1,67,834**	1,13,740	**3,593**	2,288
Allocated to distribution costs (Note 23)	**9,996**	5,045	**214**	102
Allocated to administrative expenses (Note 24)	**—**	68,375	**—**	1,376
	1,77,830	1,87,160	**3,807**	3,766

		2021		2021
	AED	AED	**₹ in '000s**	₹ in '000s
29. DEPRECIATION				
Allocated to cost of sales * (Note 21)	**2,46,157**	5,89,358	**5,270**	11,858
Allocated to administrative expenses (Note 24)	**9,688**	5,127	**207**	103
	2,55,845	5,94,485	**5,477**	11,961

*Includes depreciation on Right-of-use asset of AED 1,92,539 (₹ 0.41 crore) [Previous year: AED 5,27,877(₹ 1.06 crores)].

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments

Classification and fair values

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	At Amortised Cost			
		2021		2021
	AED	AED	**₹ in '000s**	₹ in '000s
Financial assets				
Trade and other receivables	**1,16,61,431**	1,33,38,404	**2,62,732**	2,70,636
Cash and cash equivalents	**13,25,939**	13,49,491	**29,873**	27,381
Other financial assets	**7,00,000**	7,22,954	**15,770**	14,669
	1,36,87,370	1,54,10,849	**3,08,735**	3,12,686
Financial liabilities				
Trade and other payables	**31,79,503**	40,40,952	**71,634**	81,991
Lease liabilities (current and non-current)	**18,55,800**	8,22,873	**41,811**	16,697
	50,35,303	48,63,825	**1,13,445**	98,688

Fair value measurement and disclosures

The Management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, trade and other receivables, other current financial assets, lease liabilities (current) and trade and other payables approximated their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to determine the fair values of other financial liabilities:

Fair values of non-current lease liabilities is estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities. As at the reporting date, the carrying amounts of such liabilities, are not materially different from their fair values.

Financial risk management

Risk management objectives

Risk is inherent in the Establishment's activities but 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 Establishment's continuing profitability. The Establishment's risk management focusses on actively securing short to medium term cash flows by minimising the exposure to financial markets.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including cash flow interest rate risks and fair value interest rate risks).

The Management of the Establishment reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Establishment's credit risk management, such receivables are covered by post-dated cheques issued in favour of the Establishment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (contd.)

Financial assets that potentially expose the Establishment to concentrations of credit risk comprise principally cash and cash equivalents and trade and other receivables.

The Establishment's bank accounts are placed with high credit quality financial institutions.

The Management assesses the credit risk arising from trade and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date, the Establishment's maximum exposure to credit risk from such receivables including receivables from related parties situated outside the U.A.E. is as follows:

	AED	2021 AED	**₹ in '000s**	2021 ₹ in '000s
Kingdom of Saudi Arabia	**37,281**	1,26,184	**840**	2,560
Sultanate of Oman	**30,37,123**	30,37,123	**68,426**	61,623

At the reporting date, 58% of trade receivables were due from three customers (Previous year: 62% due from three customers) [including related parties].

At the reporting date, no amounts due from related parties [Previous year: AED Nil (₹ Nil)].

The Establishment uses an allowance matrix to measure the expected credit losses of trade receivables. Loss rates are calculated using a 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Flow rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region and age of customer relationship.

The following table provides information about the exposure to credit risk and expected credit losses for trade and other receivables and cash and cash equivalents as at reporting date.

	Loss rate		**Gross carrying amount**				**Loss Allowance**			
	%	2021 %	**AED**	2021 AED	**₹ in '000s**	2021 ₹ in '000s	**AED**	2021 AED	**₹ in '000s**	2021 ₹ in '000s
Not past due	**0.00%**	0.00%	**39,81,020**	48,24,858	**89,692**	97,896	—	—	—	—
30 - 60 days past due	**0.00%**	0.00%	**5,97,563**	8,72,800	**13,463**	17,709	—	—	—	—
61 - 90 days past due	**0.00%**	0.00%	**8,25,359**	4,17,726	**18,595**	8,476	—	—	—	—
91 - 180 days past due	**0.00%**	0.00%	**10,29,272**	22,44,023	**23,189**	45,531	—	—	—	—
181 – 365 days past due	**0.00%**	0.00%	**18,71,917**	15,09,854	**42,174**	30,635	**—**	—	**—**	—
More than 365 days past due	**26.90%**	21.43%	**42,80,977**	42,31,189	**96,450**	85,851	**11,51,562**	9,06,555	**25,945**	18,394
			1,25,86,108	1,41,00,450	**2,83,563**	2,86,098	**11,51,562**	9,06,555	**25,945**	18,394

Loss rates are based on actual credit loss over the past four years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Establishment's view of economic conditions over the expected lives of the receivables.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (contd.)

Liquidity risk

Liquidity risk is the risk that the Establishment may encounter difficulty in meeting financial obligations due to shortage of funds. The Establishment's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The Establishment'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 Establishment's reputation. The Establishment manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturities of the Establishment's undiscounted financial liabilities at the reporting date, based on contractual payment dates and current market interest rates.

	Less than one year				One to five years				Total			
		2021		2021		2021		2021		2021		2021
	AED	AED	**₹ In '000s**	₹ In '000s	**AED**	AED	**₹ In '000s**	₹ In '000s	**AED**	AED	**₹ In '000s**	₹ In '000s
Trade and other payables	**31,79,503**	40,40,952	**71,634**	81,991	—	—	—	—	**31,79,503**	40,40,952	**71,634**	81,991
Lease liabilities	**1,23,800**	4,19,150	**2,789**	8,505	**17,32,000**	4,03,723	**39,022**	8,192	**18,55,800**	8,22,873	**41,811**	16,696
	33,03,303	44,60,102	**74,423**	90,496	**17,32,000**	4,03,723	**39,022**	8,192	**50,35,303**	48,63,825	**1,13,445**	98,688

Market risk

Market risk is the risk that the changes in market prices, such as foreign currency exchange rates, interest rates and prices, will affect the Establishment's income or the value of its holdings of financial instrument. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns.

Currency risk

Currency risk is the risk that the values of financial instruments will fluctuate because of changes in foreign exchange rates.

There are no significant currency risks.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates.

Margin deposit accounts are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

31. CONTINGENT LIABILITIES

		2021		2021
	AED	AED	**₹ in '000s**	₹ in '000s
Bankers' Letters of guarantee (Note 12)	**7,00,000**	7,00,000	**15,771**	14,203
Unutilised balances of commercial Letters of credit	**18,96,541**	26,81,263	**42,729**	54,403

32. CORPORATE TAX

On 9th December, 2022, the UAE Ministry of Finance issued the Federal Decree-Law No. (47) of 2022 introducing Corporate Tax, effective for financial years commencing on or after 1st June, 2023. The rate of Corporate Tax is 9% on the taxable income exceeding AED 3,75,000 (₹ 0.80 crore) and 0% for qualifying free zone companies on their qualifying income, subject to meeting specified conditions. There is no impact of this law on the financial statements of the Establishment for the year ended 31st December, 2022. Management will assess the implications of this Federal Corporate Tax for the Establishment in due course.

Directors **Jitender Pal Verma**

Dubai, 27th February, 2023 **A.R. Suresh Kumar**

SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.

Director :
Mohammad Rashid

Supervisory Board :

Jitender Pal Verma

A. R. Suresh Kumar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2022.

2. The Company has reported higher turnover of Saudi Riyals (SR) 26.764 million for the year ended 31st December, 2022, as compared to SR 20.430 million last year. However, net profit for the year was lower at SR 0.427 million as compared to SR 0.697 million last year. The overall order book position as at 31st December, 2022 was SR 466.409 million.

3. Presently, 92% of the Company's shareholding is held by Voltas Limited and balance 8% was held by Voltas Netherlands B.V. (VNBV), a wholly owned subsidiary of Voltas in The Netherlands. As part of an internal restructuring exercise, VNBV has transferred its 8% shareholding to Universal MEP Projects Pte. Limited (UMPPL), its wholly owned subsidiary in the Republic of Singapore. The legal process has since been completed on16th February, 2023, subsequent to close of the financial year and the Commercial Registration Certificate has been suitably modified to reflect the name of UMPPL as a shareholder in place of VNBV.

4. M/s. PKF Ibrahim Ahmed Al-Bassam & Co., Certified Public Accountants, the retiring auditors, being eligible, offer themselves for re-appointment.

Mohammad Rashid
Director

Jeddah, 26th March, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE PARTNERS' OF
SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.
(FOREIGN LIMITED LIABILITY COMPANY)

Report on the Audit of the Financial Statements

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Saudi Ensas Company for Engineering Services W.L.L.** ("the Company") as at 31st December, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

We have audited the financial statements of the Company, which comprise of the following:

- The statement of financial position as at 31st December, 2022;
- The statements of profit or loss and other comprehensive income for the year then ended;
- The statement of changes in partners' equity for the year then ended;
- The statement of cash flows for the year then ended, and;
- The notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia. 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 professional conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Company's 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company's accumulated losses reached to SR 2,66,38,056 (₹ 58.58 crores) being 102% of the capital of SR 2,61,50,000 (₹ 57.50 crores) [(31st December, 2021: SR 2,72,34,086 (₹ 54.06 crores) being 104% of the capital of SR 2,61,50,000 (₹ 51.91 crores)]. As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 IFRS for SMEs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and the Company's Articles of Association 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, the 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 misstatements, 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, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 that are endorsed in the Kingdom of Saudi Arabia, 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 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 disclosure 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; and
- 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.

For Al-Bassam & Co.

Abdulellah Al Bassam
Certified Public Accountant
License No. 703

Jeddah, 26th March, 2023

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

			As at 31-12-2021		As at 31-12-2021
ASSETS	Note	**SR**	SR	**₹ in '000s**	₹ in '000s
NON-CURRENT ASSETS					
Property and equipment, net		**1,66,958**	48,468	**3,672**	962
Total non-current assets		**1,66,958**	48,468	**3,672**	962
CURRENT ASSETS					
Cash and cash equivalents	6	**67,01,287**	1,77,739	**1,47,361**	3,528
Amounts due from customers under construction contracts	7	**58,47,685**	40,99,983	**1,28,591**	81,385
Account receivables, net	8	**19,62,592**	8,20,048	**43,157**	16,278
Prepayments and other debit balances, net	9	**18,00,370**	7,68,558	**39,590**	15,256
Retentions receivables, net	10	**33,66,683**	54,87,239	**74,033**	1,08,922
Due from related party	11	**2,41,500**	4,83,000	**5,311**	9,588
Total current assets		**1,99,20,117**	1,18,36,567	**4,38,043**	2,34,957
TOTAL ASSETS		**2,00,87,075**	1,18,85,035	**4,41,715**	2,35,919
PARTNERS' EQUITY AND LIABILITIES					
PARTNERS' EQUITY					
Capital	12	**2,61,50,000**	2,61,50,000	**5,75,039**	5,19,078
Statutory reserve	13	**9,59,649**	9,59,649	**21,103**	19,049
Accumulated losses		**(2,66,38,056)**	(2,72,34,086)	**(5,85,771)**	(5,40,597)
Total partners' equity		**4,71,593**	(1,24,437)	**10,371**	(2,470)
NON-CURRENT LIABILITIES					
Employees' post-employment benefits	14	**14,19,799**	15,06,270	**31,221**	29,899
Total non-current liabilities		**14,19,799**	15,06,270	**31,221**	29,899
CURRENT LIABILITIES					
Bank borrowings	15	—	34,05,536	—	67,600
Account payables	16	**77,16,588**	27,56,467	**1,69,688**	54,717
Contract advances	17	**74,12,382**	18,40,621	**1,62,998**	36,536
Accrued expenses and other credit balances	18	**14,58,343**	10,08,163	**32,069**	20,012
Due to related parties	11	**13,44,164**	14,82,962	**29,558**	29,437
Income tax payable	19	**2,64,206**	9,453	**5,810**	188
Total current liabilities		**1,81,95,683**	1,05,03,202	**4,00,123**	2,08,490
TOTAL LIABILITIES		**1,96,15,482**	1,20,09,472	**4,31,344**	2,38,389
TOTAL PARTNERS' EQUITY AND LIABILITIES		**2,00,87,075**	1,18,85,035	**4,41,715**	2,35,919

The accompanying Notes from 1-28 form an integral part of these financial statements.

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Saudi Riyal (SR) = ₹ 21.99 being the exchange rate prevailing as on 31st December, 2022. Previous year figures have been converted @ 1 SR = ₹19.85 being the exchange rate prevailing as on 31st December, 2021.

Jeddah, 26th March, 2023 *Director* **Mohammad Rashid**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Note	SR	2021 SR	₹ in '000s	2021 ₹ in '000s
Contract revenues	20	**2,67,63,778**	2,04,29,915	**5,59,898**	4,02,265
Contract costs	21	**(2,20,90,195)**	(1,77,32,409)	**(4,62,127)**	(3,49,151)
Gross profit		**46,73,583**	26,97,506	**97,771**	53,114
General and administrative expenses	22	**(33,58,991)**	(18,70,016)	**(70,270)**	(36,821)
Provision for doubtful debts		**(5,46,508)**	(1,55,557)	**(11,433)**	(3,063)
Operating profit		**7,68,084**	6,71,933	**16,068**	13,230
Finance costs		**(87,209)**	(84,909)	**(1,824)**	(1,672)
Other income		**8,103**	1,19,678	**170**	2,356
Net profit before income tax		**6,88,978**	7,06,702	**14,414**	13,914
Income tax	19	**(2,61,843)**	(9,453)	**(5,477)**	(186)
NET PROFIT FOR THE YEAR		**4,27,135**	6,97,249	**8,937**	13,728
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified to statements of profit or loss in subsequent years:					
Re-measurement gain on employees' post-employment benefits	14	**1,68,895**	3,85,247	**3,533**	7,586
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,96,030**	10,82,496	**12,470**	21,314

The accompanying Notes from 1-28 form an integral part of these financial statements.

Note: The Statement of Profit or Loss has been converted into Indian Rupees @ 1 SR = ₹ 20.92 being the average of the exchange rate prevailing as on 31st December, 2021 (1 SR = ₹ 19.85) and as on 31st December, 2022 (1 SR = ₹ 21.99). Previous year figures have been converted into Indian Rupees @ 1 SR = ₹ 19.69 being the average of the exchange rate prevailing as on 31st December, 2020 (1 SR = ₹ 19.53) and as on 31st December, 2021 (1 SR = ₹ 19.85).

Jeddah, 26th March, 2023 *Director* **Mohammad Rashid**

STATEMENT OF CHANGES IN PARTNERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Capital		Statutory Reserve		Accumulated Losses		Total	
	SR	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
Balance as at 1st January, 2021	2,61,50,000	5,10,710	9,59,649	18,742	(2,83,16,582)	(5,53,023)	(12,06,933)	(23,571)
Net income for the year	—	—	—	—	6,97,249	13,728	6,97,249	13,728
Re-measurement gain on employees' post-employment benefits	—	—	—	—	3,85,247	7,586	3,85,247	7,586
Balance as at 31st December, 2021	2,61,50,000	5,19,078	9,59,649	19,049	(2,72,34,086)	(5,40,597)	(1,24,437)	(2,470)
Balance as at 1st January, 2022	2,61,50,000	5,19,078	9,59,649	19,049	(2,72,34,086)	(5,40,597)	(1,24,437)	(2,470)
Net income for the year	—	—	—	—	4,27,135	8,937	4,27,135	8,937
Re-measurement gain on employees' post-employment benefits	—	—	—	—	1,68,895	3,533	1,68,895	3,533
Balance as at 31st December, 2022	**2,61,50,000**	**5,75,039**	**9,59,649**	**21,103**	**(2,66,38,056)**	**(5,85,771)**	**4,71,593**	**10,371**

The accompanying Notes from 1-28 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2022

		2021		2021
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net profit before income tax	**6,88,978**	7,06,702	**14,414**	13,914
Adjustments for:				
Depreciation	**20,100**	27,284	**420**	537
Provision for doubtful debts	**(20,290)**	44,410	**(424)**	874
Provision for other receivables	**8,698**	—	**182**	—
Provision for unbilled revenue	**5,58,101**	1,11,147	**11,675**	2,188
Employees' post-employment benefits	**1,62,442**	2,34,989	**3,398**	4,628
Finance costs	**87,209**	84,909	**1,824**	1,672
	15,05,238	12,09,441	**31,489**	23,813
Changes in operating assets and liabilities:				
Amounts due from customers under construction contracts	**(17,47,702)**	15,07,010	**(47,206)**	28,120
Account receivable	**(10,51,579)**	14,76,817	**(25,806)**	28,441
Prepayments and other debit balances	**(16,60,588)**	3,78,513	**(39,967)**	6,876
Retentions receivable	**21,11,859**	(21,79,882)	**32,178**	(44,706)
Due from related parties	**2,41,500**	—	**4,277**	—
Account payables	**49,60,121**	(16,40,802)	**1,14,972**	(31,163)
Contract advances	**55,71,761**	(7,66,366)	**1,26,462**	(14,378)
Accrued expenses and other credit balances	**4,50,177**	(1,60,195)	**12,057**	(2,806)
Due to related parties	**(1,38,798)**	1,25,776	**121**	2,776
Cash generated from / (used in) operations	**1,02,41,989**	(49,688)	**2,25,221**	(986)
Finance costs paid	**(87,209)**	(84,909)	**(1,824)**	(1,672)
Employees' post-employment benefits paid	**(80,018)**	(10,52,327)	**(1,674)**	(20,720)
Income tax paid	**(7,090)**	(3,78,013)	**(198)**	(7,443)
Net cash generated from / (used in) operating activities	**1,00,67,672**	(15,64,937)	**2,21,388**	(31,064)
INVESTING ACTIVITIES				
Purchase of property and equipment	**(1,38,588)**	(5,477)	**(2,899)**	(108)
Net cash used in investing activities	**(1,38,588)**	(5,477)	**(3,048)**	(109)
FINANCING ACTIVITIES				
Bank borrowings	**(34,05,536)**	13,86,558	**(67,600)**	28,169
Net cash (used in) / generated from financing activities	**(34,05,536)**	13,86,558	**(74,888)**	27,523
Net change in cash and cash equivalents	**65,23,548**	(1,83,856)	**1,43,833**	(3,534)
Cash and cash equivalents at beginning of the year	**1,77,739**	3,61,595	**3,528**	7,062
Cash and cash equivalents at end of the year	**67,01,287**	1,77,739	**1,47,361**	3,528

The accompanying Notes from 1-28 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. ORGANIZATION AND ACTIVITIES

Saudi Ensas Company for Engineering Services W.L.L. ("the Company") was incorporated as Saudi limited liabilities company in accordance with the provision of the Saudi Foreign Capital Investment Code and was registered on 16 Dhual-Qa'dah, 1398H (19th October, 1978) under Commercial Registration No. 4030016635. The Company obtained its SAGIA license number 112030054332-01, on 14 Jumadi Awal, 1410H (13th December, 1989).

The principal activities of the Company are to design, installation, operation and maintenance of air conditioning and refrigeration systems, other electro-mechanical activities and building a workshop for its activities in accordance with the license issued by the Ministerial Decision No. 250 dated 4/12/1405H (21st August, 1985).

The Company was owned 39% by Metrovol Company, a wholly owned subsidiary of Voltas Limited, registered in United Arab Emirates ('U.A.E.') and 61% by Voltas Limited, a company registered in India. During 2011, Metrovol Company was liquidated in U.A.E. and Voltas Limited had initiated the legal process in the Kingdom of Saudi Arabia to transfer the shareholding held in Metrovol Company to Voltas Netherlands B.V., a wholly owned subsidiary of Voltas Limited, registered in The Netherlands. The Company is now owned 92% by Voltas Limited, a company registered in India and 8% by Voltas Netherlands B.V., a wholly owned subsidiary of Voltas Limited, registered in The Netherlands.

On 22nd October, 2015, the shareholders resolved to increase the Company's share capital from SR 26,00,000 to SR 2,61,50,000, to be owned in the same proportion as prior to the increase.

2. GOING CONCERN

During the year, the Company made net profit of SR 5,96,030 (₹ 1.25 crores). However, the Company's accumulated losses amounting to SR 2,66,38,056 (₹ 58.58 crores) as at 31st December, 2022 [(2021: SR 2,72,34,086 (₹ 54.06 crores)] exceeded from the Company's capital. This condition indicates the existence of uncertainties that may cast significant doubt about the Company's ability as going concern. The Company's ability to continue as a going concern is dependent upon future profitable operations and continued financial support from partners in order to enable it to cover its losses and settle its liabilities. As required by the Companies Regulation, the partners have resolved in their Meeting dated 30th December, 2022 to support the operations of the Company. The accompanying financial statements have been prepared on a going concern basis. The partners have made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources (including partners' support), to continue operations for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standard for Small and Medium Sized Entities' (IFRS for SMEs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA) and Regulations for Companies and the Company's Articles of Association. The preparation of financial statements in conformity with the IFRS for SMEs 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. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the combined financial statements are disclosed in Note 5.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost basis of conventions, except for employees' post-employment benefits which are recognised at the present value of future obligation using projected unit credit method. Further, the financial statements are prepared using the accrual basis of accounting and the going concern assumption.

3.3 Functional and presentation currency

Items included in the financial statement are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Saudi Riyals' (SR), which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

The following is a summary of significant accounting policies applied by the Company:

(a) Account receivable

Account receivable are carried at original invoice amount less any allowance for doubtful accounts, if any. Any allowance for doubtful accounts is established when there is a significant doubt as to whether the Company will be able to collect all amounts due according to the original terms of accounts receivable.

(b) Financial assets

(i) Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risk and rewards of ownership.

(ii) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

Financial assets 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 12 months, otherwise they are classified as non-current. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables

Loans and receivables of the Company comprise prepayments and other balance 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 12 months after the end of the reporting period, these are classified as non-current assets in the balance sheet. Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets carried at amortized cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial assets, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying value of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. If in a subsequent year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If in a subsequent period the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write down or allowance is reversed through the profit and loss account.

(iii) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of assets (an incurred 'loss event') and that loss event (or events) has an impact on estimated future cash flow of the financial asset or a group of financial assets that can be reliably estimated. Evidence of impairment may include indication that the borrower or group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payment and where observable data indicates there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic condition that correlate with defaults, if any.

(c) Financial liabilities

(i) Initial recognition

Financial liabilities (including borrowings and account and other payables) are classified as financial liabilities at fair value through profit or loss or as loans and borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings fair value of the consideration received less directly attributable transaction costs.

(ii) Measurement

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings (including account and other payables) are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of income when the liabilities are de-recognised as well as through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

(iii) 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 realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

(d) Property and equipment

Property and equipment are carried at the cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure 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 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. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives:

Machinery	15%
Furniture and fixtures	20%
Office equipment	15%
Vehicles	20%
Portacabins	10%

Capital work-in-progress represents all costs relating directly and indirectly to the on-going projects in progress and is capitalized as the property and equipment when the project is completed. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of profit or loss.

(e) Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or amortisation are assessed, at each reporting date, to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset might be impaired, the carrying value of the asset (or CGU to which the asset has been allocated) is tested for impairment. 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 (or CGU'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 (CGUs). Any impairment loss for a cash generating unit is first allocated to goodwill and then to other assets on pro rata basis. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

If an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

(f) Foreign currency transactions

Transactions in foreign currencies (which are not covered by a forward foreign exchange contract) are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

(g) Borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(h) Provisions and contingencies

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event and it is probable that the Company will be required to transfer economic benefits in settlement and amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount 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 to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expenses. Provisions are not recognised for future operating losses. Contingent assets and contingent liabilities are not recognised.

(i) General and Administrative Expenses

All expenses other than contract cost are classified as general and administration expenses.

(j) Revenue Recognition – Construction contracts

Revenue on long-term contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract.

When the current estimate of total contract costs and revenues indicate a loss, provision for expected losses is made for the entire loss on the contract irrespective of the amount of work performed. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recovered and contract costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

Revenue recognised in excess of billings included in the current assets represents the cost incurred plus recognised profits (less recognised losses) that exceed the progress billings as of the balance sheet date. These amounts of revenue will be billed in the subsequent period. Billings in excess of revenue recognised included in current liabilities represent the progress billings that exceed costs incurred plus recognised profit (less recognised losses) to date.

(k) Employee's post-employment benefits

The liability or asset recognised in the statement of financial position is in respect of defined benefit. EOSB plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Past service costs are recognised immediately as an expense. Actuarial gains or losses are recognised in the statement of comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in the statement of comprehensive income when the Company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of comprehensive income and accumulated losses, the expense relating to defined benefit plan is presented of the amount recognised for a reimbursement.

(l) Termination benefits

The entity recognised the expense and corresponding liability for termination benefits when it is demonstrably committed to either of the following scenarios.

The termination of the employment of an employee or group of employees before the normal retirement age, or

The provision of termination benefits in relation to an offer made to encourage voluntary redundancy.

The value of such benefit is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(m) Income tax charges

Tax provision and related annual charge are accounted for and disclosed in the accompanying financial statements in accordance with the Standard on Zakat issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). Tax return is prepared based on the tax regulations of the Zakat, Tax and Customs Authority (ZATCA) of the Kingdom of Saudi Arabia. Tax charge is taken to the statement of profit or loss.

(n) Leases

At its inception, a lease is classified either a finance lease or an operating lease. Finance leases transfer substantially all risks and rewards of ownership. All other leases are classified as operating leases.

(o) Finance leases

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in the borrowings in the statement of financial position.

(p) Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Minimum lease payments receivable under operating leases are recognised as revenue on a straight-line basis over the term of the lease.

(q) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and highly liquid investments with original maturities of three months or less. As on 31st December, 2022, cash and cash equivalents consist entirely bank balances.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 3, the Management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if, the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations described below, that the Management have made in the process of applying the Company's accounting policies and have the most significant effect on the amounts recognised in the financial statements.

Employees' post-employment benefits

In determining the liability for employees' post employment benefits (explained in Note 14), Management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation and the number of employees expected to leave before they receive the benefits.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (contd.)

Allowance for accounts receivable

Management has estimated the recoverability of accounts receivable and has considered the allowance required. Management has estimated the allowance for accounts receivable on the basis of prior experience and the current economic environment on the recovery of long outstanding accounts receivable. Estimating the amount of the allowance requires significant judgement and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends and conditions, all of which may be susceptible to significant change. An allowance is charged to operations based on Management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from Management estimates, additional allowance for doubtful debts or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

Useful lives of property and equipment

As described in Note 3, the Company estimates the useful lives of property and equipment at the end of each annual reporting period.

Provision for tax

Management has assessed the income tax position having regard to the local zakat and income tax legislation, decrees issued periodically and conventions. Interpretation of such legislation, decrees, and conventions is not always clear and entails completion of assessment by ZATCA.

6. CASH AND CASH EQUIVALENTS

	SR	As at 31-12-2021 SR	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Cash at bank	**67,01,287**	1,77,739	**1,47,361**	3,528

7. AMOUNTS DUE FROM CUSTOMERS UNDER CONSTRUCTION CONTRACTS

	SR	2021 SR	**₹ in '000s**	2021 ₹ in '000s
Contracts in progress at the end of the reporting period				
Construction costs incurred plus recognised profits less recognised losses to date	**6,73,48,160**	4,77,34,514	**14,80,986**	9,47,530
Less: Progress billings	**(6,15,00,475)**	(4,36,34,531)	**(13,52,395)**	(8,66,145)
Amount due from customers under construction contract	**58,47,685**	40,99,983	**1,28,591**	81,385

8. ACCOUNT RECEIVABLES, NET

	SR	As at 31-12-2021 SR	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Account receivables	**23,04,600**	12,53,021	**50,678**	24,872
Allowance for doubtful debts	**(3,42,008)**	(4,32,973)	**(7,521)**	(8,594)
	19,62,592	8,20,048	**43,157**	16,278

The following provision movement during the year is as follows:

	SR	As at 31-12-2021 SR	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Balance at the beginning of the year	**4,32,973**	13,92,144	**8,595**	27,189
Charge for the year	—	44,410	—	874
Provision reversed during the year	**(20,290)**	—	**(424)**	—
Reclassification to retention and unbilled receivables	**(70,675)**	(10,03,581)	**(1,479)**	(19,761)
Balance at the ending of the year	**3,42,008**	4,32,973	**7,521**	8,594

*The Management reclassified the provision which pertains to unbilled receivables and retention receivables that was previously offset against trade receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

8. ACCOUNT RECEIVABLES, NET (contd.)

Account receivables ageing is as follows:

	1 to 6 months	6 to 12 months	12 to 18 months	18 to 24 months	24 to 30 months	30 to 36 months	Above 36 Months	Total
2022								
SR	**11,91,924**	**5,76,233**	**—**	**1,30,153**	**—**	**—**	**4,06,290**	**23,04,600**
₹ in '000s	**26,211**	**12,671**	**—**	**2,862**	**—**	**—**	**8,934**	**50,678**
2021								
SR	6,13,107	—	—	—	—	—	6,39,914	12,53,021
₹ in '000s	12,170	—	—	—	—	—	12,702	24,872

9. PREPAYMENTS AND OTHER DEBIT BALANCES, NET

	SR	As at 31-12-2021 SR	₹ in '000s	As at 31-12-2021 ₹ in '000s
Advances to suppliers	**14,15,839**	4,51,178	**31,134**	8,956
Employees advances	**2,11,589**	1,39,677	**4,653**	2,772
Prepaid expenses	**1,70,942**	1,75,703	**3,759**	3,488
Value added tax receivable	—	—	—	—
Other receivables	**14,74,828**	8,46,052	**32,431**	16,794
Provision for other receivables	**(14,72,828)**	(8,44,052)	**(32,387)**	(16,754)
	18,00,370	7,68,558	**39,590**	15,256

The following provision movement during the year is as follows:

	SR	2021 SR	₹ in '000s	2021 ₹ in '000s
Balance at the beginning of the year	**8,44,052**	4,84,411	**16,754**	9,460
Charge for the year	**5,58,101**	1,11,147	**11,675**	2,188
Reclassification from account receivables	**70,675**	2,48,494	**1,479**	4,893
Balance at the ending of the year	**14,72,828**	8,44,052	**32,387**	16,754

10. RETENTIONS RECEIVABLES, NET

	SR	As at 31-12-2021 SR	₹ in '000s	As at 31-12-2021 ₹ in '000s
Retention receivable	**45,52,550**	66,64,409	**1,00,110**	1,32,289
Less: provision for doubtful retention receivables	**(11,85,867)**	(11,77,170)	**(26,077)**	(23,367)
	33,66,683	54,87,239	**74,033**	1,08,922

The following provision movement during the year is as follows:

	SR	As at 31-12-2021 SR	₹ in '000s	As at 31-12-2021 ₹ in '000s
Balance at the beginning of the year	**11,77,170**	4,22,083	**23,367**	8,243
Charge for the year	**8,697**	—	**182**	—
Reclassification from account receivables	—	7,55,087	—	14,868
Balance at the ending for the year	**11,85,867**	11,77,170	**26,077**	23,367

11. RELATED PARTIES' BALANCES AND TRANSACTIONS

During the year, the Company transacted with the following related parties:

Names	**Relationship**
Voltas Limited	Partner
Voltas Netherlands B.V.	Partner
Weathermaker FZE	Affiliate
Universal Voltas L.L.C.	Affiliate
Voltas Limited – UAE	Affiliate
Lalbuksh Voltas Engineering Services & Trading L.L.C.	Affiliate
Olayan Voltas Contracting Company Limited	Affiliate

The significant transactions and the related amounts are as follows:

	SR	2021 SR	**₹ in '000s**	2021 ₹ in '000s
Revenue from contracts	—	50,000	—	985
Purchases of materials and services	—	—	—	—
Expenses reimbursed to affiliates	**13,09,900**	1,71,566	**27,403**	3,378
Expenses incurred	—	3,47,342	—	6,839

Due from a related party as of 31st December comprised the following:

Related party	**SR**	As at 31-12-2021 SR	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Olayan Voltas Contracting Company Limited	**2,41,500**	4,83,000	**5,311**	9,588

Due to related parties as of 31st December comprised the following:

Related party	**SR**	As at 31-12-2021 SR	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
Weathermaker FZE	**32,250**	1,25,445	**709**	2,490
Voltas Qatar W.L.L.	**83,691**	—	**1,840**	—
Voltas Limited - India	**2,12,651**	2,10,939	**4,676**	4,187
Voltas Limited - UAE	**8,50,606**	6,00,868	**18,705**	11,927
Universal Voltas LLC	**31,588**	2,71,517	**695**	5,390
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1,33,378**	2,74,193	**2,933**	5,443
	13,44,164	14,82,962	**29,558**	29,437

12. CAPITAL

The capital of the Company is SR 2,61,50,000 divided into 2,61,500 shares valued at SR 100 each. The ownership of the Company as per its Articles of Association is as following:

Name of Partner	**Total No. of units**	**Value per unit in Saudi Riyals**	**Percentage**	**Value in Saudi Riyals**	**₹ in '000s**
Voltas Limited	2,41,360	100	92%	2,41,36,000	5,30,751
Voltas Netherlands B.V.	20,140	100	8%	20,14,000	44,288
	2,61,500	**100**	**100%**	**2,61,50,000**	**5,75,039**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

13. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia, the Company will establish a statutory reserve by the appropriation of 10% of the net income after recovering the accumulated losses until the reserve equals 30% of the capital. This reserve is not available for dividend distribution.

14. EMPLOYEES' POST-EMPLOYMENT BENEFITS

		2021		2021
	SR	SR	**₹ in '000s**	₹ in '000s
Present value of the defined benefit obligation, opening balance	**15,06,270**	27,08,855	**29,899**	52,904
Service cost	**1,25,164**	1,79,187	**2,618**	3,528
Interest on defined benefit obligations	**37,278**	55,802	**780**	1,099
Benefits paid during the year	**(80,018)**	(10,52,327)	**(1,674)**	(20,720)
Re-measurement gain on post-employment benefits	**(1,68,895)**	(3,85,247)	**(3,533)**	(7,586)
Present value of post-employment benefits, closing balance	**14,19,799**	15,06,270	**31,221**	29,899

Below are the significant assumptions

	31-12-2022	31-12-2021
Discount rate for year-end obligation (% per annum)	**4.80%**	2.50%
Rate of change in salary (% per annum)	**3.00%**	0.00% p.a. for next 1 year, 2.00% p.a. thereafter, starting from the 2nd year.
Mortality rates assumed	**Mortality rates are assumed based on age**	
Employee turnover (withdrawal) rates	**Employee turnover (withdrawal) rates are based on age and service cost**	

Sensitivity Analysis on significant actuarial assumptions

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

		31-12-2021		31-12-2021
	SR	SR	**₹ in '000s**	₹ in '000s
Discount rate +1%	**13,45,596**	14,27,136	**28,150**	28,100
Discount rate -1%	**15,03,430**	15,95,761	**31,452**	31,421
Long term salary +1%	**15,04,113**	15,95,572	**31,466**	31,417
Long term salary -1%	**13,43,680**	14,38,387	**28,110**	28,322

15. BANK BORROWINGS

On 5th August, 2018, the Company obtained credit facilities through a local bank amounting to SR 1,00,00,000 (₹ 22 crores) in aggregate and segregated into Letter of credit limit amount to SR 50,00,000 (₹ 11 crores), Letter of guarantees amount to SR 30,00,000 (₹ 6.60 crores) and overdraft amount to SR 20,00,000 (₹ 4.40 crores) which bear SIBOR plus 2.5% and are secured by the Promissory Note from Company to the bank. There is no outstanding overdraft as of 31st December, 2022 [2021: SR 34,05,536 (₹ 6.76 crores)].

On 31st May, 2022, the Company increased its credit facilities with the same bank to SR 2,50,00,000 (₹ 55 crores) in aggregate and segregated into Letter of credit limit and Letter of guarantees limit maximum to aggregate limit of SR 2,50,00,000 (₹ 55 crores), trust receipt sub limit amounting to SR 60,00,000 (₹ 13.20 crores) which bear SIBOR plus 1.5% per annum and overdraft facility sub limit amounting to SR 30,00,000 (₹ 6.60 crores) which bear SIBOR plus 2.5% per annum and are secured by the Promissory Note from Company to the bank.

16. ACCOUNT PAYABLES

		As at 31-12-2021		As at 31-12-2021
	SR	SR	**₹ in '000s**	₹ in '000s
Account payables	**77,16,588**	27,56,467	**1,69,688**	54,717

17. CONTRACT ADVANCES

	SR	As at 31-12-2021 SR	₹ in '000s	As at 31-12-2021 ₹ in '000s
Contract advances	**74,12,382**	18,40,621	**1,62,998**	36,536

18. ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	SR	As at 31-12-2021 SR	₹ in '000s	As at 31-12-2021 ₹ in '000s
Salaries and other benefits	**4,10,101**	4,62,963	**9,018**	9,190
Accrued maintenance	**4,70,990**	3,63,111	**10,357**	7,208
Value added tax payable	**5,77,252**	1,82,089	**12,694**	3,614
	14,58,343	10,08,163	**32,069**	20,012

19. INCOME TAX CALCULATION

	SR	2021 SR	₹ in '000s	2021 ₹ in '000s
Adjustment for net income				
Net income for the year	**6,88,978**	7,06,702	**14,414**	13,914
Provision for doubtful debts	**(20,290)**	44,410	**(424)**	874
Provision of unbilled revenue	**5,58,101**	1,11,147	**11,675**	2,188
Provision end-of-services benefits	**1,62,442**	2,34,989	**3,398**	4,627
Difference in depreciation	—	2,343	—	47
Adjusted net income	**13,89,231**	10,99,591	**29,063**	21,650
Less:				
Accumulated losses not to exceed 25% of net income for the year	—	—	—	—
Employees' post-employment benefits paid	**(80,018)**	(10,52,327)	**(1,674)**	(20,720)
Tax base	**13,09,213**	47,264	**27,389**	930
Tax @ 20%	**2,61,843**	9,453	**5,477**	186

(A) Income tax movement:

	SR	2021 SR	₹ in '000s	2021 ₹ in '000s
Balance at beginning of the year	**9,453**	3,78,013	**188**	7,383
Provision for the year	**2,61,843**	9,453	**5,477**	186
Paid during the year	**(7,090)**	(3,78,013)	**(148)**	(7,443)
	2,64,206	9,453	**5,810**	188

(B) Outstanding assessments:

The tax returns for the year 2008 to 2016 are under review by the ZATCA. The Company has filed its tax return up to the year ended 31st December, 2021 and obtained relevant certificates from ZATCA.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

20. CONTRACT REVENUE

	SR	2021 SR	**₹ in '000s**	2021 ₹ in '000s
Contract revenue	**2,67,63,778**	2,04,29,915	**5,59,898**	4,02,265

21. CONTRACT COSTS

	SR	2021 SR	**₹ in '000s**	2021 ₹ in '000s
Material costs	**1,41,92,681**	1,12,29,070	**2,96,911**	2,21,100
Sub-contractor costs	**17,36,153**	31,96,086	**36,320**	62,931
Salaries and benefits	**30,09,546**	22,18,735	**62,960**	43,687
Other expenses	**31,51,815**	10,88,518	**65,936**	21,433
	2,20,90,195	1,77,32,409	**4,62,127**	3,49,151

22. GENERAL AND ADMINISTRATIVE EXPENSES

	SR	2021 SR	**₹ in '000s**	2021 ₹ in '000s
Salaries and benefits	**9,33,173**	7,39,578	**19,522**	14,563
Rent	**1,72,200**	1,46,671	**3,603**	2,888
Vehicle expenses	**47,225**	79,342	**988**	1,562
Communication, travel and insurance	**8,37,440**	3,22,243	**17,519**	6,345
Office expenses	**3,55,958**	1,51,524	**7,447**	2,984
Depreciation	**20,100**	27,284	**420**	537
Professional and legal fees	**3,24,243**	2,02,000	**6,783**	3,977
Other expenses	**6,68,652**	2,01,374	**13,988**	3,965
	33,58,991	18,70,016	**70,270**	36,821

23. TRANSACTIONS WITH MAJOR CUSTOMERS

Contract revenue during the year amount to SR 26.7 million (₹ 55.99 crores) [2021: SR 20.4 million (₹ 40.23 crores)] and there are three major customers amounting to SR 23.7 million (₹ 49.58 crores) [2021: SR 12 million (₹ 23.63 crores)], which represents approximately 89% (2021: 59%) of the total contract revenue.

24. CONTINGENT LIABILITIES

	SR	2021 SR	**₹ in '000s**	2021 ₹ in '000s
Letter of Guarantee	**1,01,68,650**	12,83,755	**2,23,609**	25,482
Letter of credit	**96,91,407**	29,99,926	**2,13,114**	59,549
	1,98,60,057	42,83,681	**4,36,723**	85,031

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments comprise financial assets and financial liabilities. Financial assets and liabilities carried on the balance sheet include cash and cash equivalents, accounts receivable and accounts payable. The particular recognition method adopted for each financial instrument is disclosed in the individual policy statement associated with each item. The fair values (the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction) of the Company's financial assets and liabilities are not materially different from their carrying amounts. The Company is exposed to credit risk, market risk, commission rate risk, liquidity risk and operational risks.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (contd.)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, credit risk arises from the possibility of asset impairment occurring because counter parties cannot meet their obligations in transactions involving financial instruments. The Company's credit risk is primarily attributable to its account receivable, contract retentions and unbilled revenues. The amounts presented in the balance sheet are net of allowance for doubtful assets, estimated by the Company's Management based on prior experience and their assessment of the current environment. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular segment of customers / projects.

The maximum exposure to credit risk at the reporting date is as follows:

	SR	2021 SR	**₹ in '000s**	2021 ₹ in '000s
Cash at bank	**67,01,287**	1,77,739	**1,47,361**	3,528
Amounts due from customer	**58,47,685**	40,29,308	**1,28,591**	79,982
Accounts receivables	**19,62,592**	8,90,723	**43,157**	17,681
Other receivables	**14,74,828**	9,85,729	**32,431**	19,567
Retentions receivables	**33,66,683**	54,87,239	**74,033**	1,08,922
Due from a related party	**2,41,500**	4,83,000	**5,311**	9,588
	1,95,94,575	1,20,53,738	**4,30,884**	2,39,268

Commission rate risk

Commission rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in the market commission rates. The Company does not hold any fixed deposits that earn fixed rates of commission. The Company's other assets and liabilities are not sensitive to commission rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Liquidity risk is managed by monitoring the Company's liquidity requirements, on a regular basis, to help ensure that sufficient funds are, to meet all liabilities as they fall due. All maturities profiles of the Company's financial assets and liabilities are expected to recover or settle respectively within a period of 12 months.

Currency rate risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are carried mostly in Saudi Riyals. Management believes that there is no significant foreign currency exposure since its transactions in foreign currencies are limited and were performed in foreign currencies which are pegged to Saudi Riyal.

26. FAIR VALUES

Financial instruments comprise of financial assets and liabilities. Financial assets of the Company include mainly bank balance, commission receivable and other financial assets. Financial liabilities of the Company include mainly account payables, bank borrowings and accrued expenses, other credit balance. The fair values of the financial assets and liabilities of the Company are not materially different from the carrying values as reflected in these financial statements.

27. SUBSEQUENT EVENTS

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30th June, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to 19th January, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19th January, 2023). The Management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the new Law. Consequently, the Company shall present the amended Articles of Association to the partners in the Annual Meeting for their ratification.

Except for the above, there were no subsequent events after the statement of financial position date which require adjustments to / or disclosure in the financial statements.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Management on 26th March, 2023, corresponding to 3 Ramadan 1444H.

Jeddah, 26th March, 2023 *Director* **Mohammad Rashid**

LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.

Directors :

Jitender Pal Verma
Issa Lalbuksh Al Raisi
V. P. Malhotra
Manish Desai
A. R. Suresh Kumar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2022.

2. The Company has reported lower turnover of Rials Omani (RO) 3.979 million for the year ended 31st December, 2022, as compared to RO 4.057 million in the previous year. Net profit was also lower at RO 0.230 million as compared to RO 0.375 million in the previous year.

3. The Company had in September 2022, declared an interim dividend of RO 0.100 million for the year ended 31st December, 2022. No further dividend has been recommended. Thus, the interim dividend is the final dividend for the year ended 31st December, 2022 (Previous year: RO 0.200 million).

4. As part of an internal restructuring exercise, Voltas Netherlands B.V. (VNBV), a wholly owned subsidiary of Voltas in The Netherlands, has transferred its entire 40% shareholding in the Company to Universal MEP Projects Pte. Limited (UMPPL), its wholly owned subsidiary in the Republic of Singapore. The legal process has been completed and the Commercial Registration Certificate has been suitably modified to reflect the name of UMPPL as a shareholder in place of VNBV.

5. M/s. PKF L.L.C., Chartered Accountants, the retiring auditors, being eligible, offer themselves for reappointment..

On behalf of Board of Directors
Issa Lalbuksh Al Raisi
A. R. Suresh Kumar

Muscat, 16th March, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.

Opinion

We have audited the financial statements of **LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.** (the Company), which comprise the statement of financial position as at 31st December 2022, and the statement of 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 at 31st December, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, 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.

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 IFRSs, 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 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 a 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 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.

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 our independence, and where applicable, related safeguards.

PKF L.LC.
Chartered Accountants
Sultanate of Oman

Muscat, 16th March, 2023

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	Notes	**RO**	As at 31-12-2021 RO	**₹ in '000s**	As at 31-12-2021 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**56,079**	57,902	**12,050**	11,200
Contract assets	7	**45,922**	4,13,962	**9,867**	80,077
Other non - current financial assets	9	**3,00,851**	2,95,254	**64,644**	57,114
		4,02,852	7,67,118	**86,561**	1,48,391
CURRENT ASSETS					
Inventories	4	**21,645**	36,859	**4,651**	7,130
Contract and other receivables	5	**27,78,949**	27,98,894	**5,97,113**	5,41,417
Other current assets	6	**2,05,490**	1,36,514	**44,154**	26,407
Contract assets	7	**34,88,246**	26,31,994	**7,49,519**	5,09,133
Cash and cash equivalents	8	**1,26,180**	2,91,995	**27,112**	56,484
		66,20,510	58,96,256	**14,22,549**	11,40,571
TOTAL ASSETS		**70,23,362**	66,63,374	**15,09,110**	12,88,962
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	10	**2,50,000**	2,50,000	**53,718**	48,360
Legal reserve		**83,334**	83,334	**17,906**	16,120
General reserve		**7,50,000**	7,50,000	**1,61,153**	1,45,080
Accumulated profits		**36,20,369**	34,90,105	**7,77,909**	6,75,126
Equity funds		**47,03,703**	45,73,439	**10,10,686**	8,84,686
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**3,40,054**	2,97,712	**73,066**	57,589
CURRENT LIABILITIES					
Short term borrowing – Book overdraft		**60,919**	—	**13,090**	—
Trade and other payables	11	**13,90,647**	11,88,497	**2,98,808**	2,29,202
Contract liabilities	12	**4,85,003**	5,39,684	**1,04,213**	1,04,397
Current tax payable	20.4	**43,036**	64,042	**9,247**	12,388
		19,79,605	17,92,223	**4,25,358**	3,46,687
TOTAL EQUITY AND LIABILITIES		**70,23,362**	66,63,374	**15,09,110**	12,88,962

The accompanying Notes form an integral part of these financial statements.

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Omani Rial (RO) = ₹ 214.87 being the exchange rate prevailing as on 31st December, 2022. Previous year figures have been converted @ 1 RO = ₹ 193.44 being the exchange rate prevailing as on 31st December, 2021.

Directors **Jitender Pal Verma**
Issa Lalbuksh Al Raisi
Muscat, 16th March, 2023 **A. R. Suresh Kumar**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Notes	RO	2021 RO	₹ in '000s	2021 ₹ in '000s
CONTRACT REVENUE	13	**39,79,012**	40,56,740	**8,12,355**	7,78,123
Cost of works executed	14	**(36,20,959)**	(35,36,652)	**(7,39,255)**	(6,78,365)
GROSS PROFIT		**3,58,053**	5,20,088	**73,100**	99,758
Other operating income	15	**1,54,557**	86,604	**31,554**	16,612
Staff costs		**(56,076)**	(84,973)	**(11,448)**	(16,299)
Director's remuneration		**(8,700)**	(8,700)	**(1,776)**	(1,669)
Allowance for expected credit loss on contract and other receivables	5.2	**(80,362)**	(15,654)	**(16,407)**	(3,003)
Allowance for expected credit loss on contract assets	7.3	**(39,710)**	(34,560)	**(8,107)**	(6,629)
Depreciation on property, plant and equipment	3	**(926)**	(2,111)	**(189)**	(405)
Other operating expenses	16	**(68,630)**	(70,960)	**(14,012)**	(13,611)
PROFIT FROM OPERATING ACTIVITIES		**2,58,206**	3,89,734	**52,715**	74,754
Interest income	17	**34,587**	37,911	**7,062**	7,272
Finance costs		**(5,888)**	(3,185)	**(1,202)**	(611)
NET PROFIT FOR THE YEAR BEFORE TAX		**2,86,905**	4,24,460	**58,575**	81,415
Income tax expense	20.2	**(56,641)**	(49,574)	**(11,564)**	(9,509)
NET PROFIT FOR THE YEAR AFTER TAX		**2,30,264**	3,74,886	**47,011**	71,906
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,30,264**	3,74,886	**47,011**	71,906

The accompanying Notes form an integral part of these financial statements.

Note: The Statement of Comprehensive Income has been converted into Indian Rupees @ 1 Omani Rial (RO) = ₹ 204.16 being the average of the exchange rates prevailing as on 31st December, 2021 (1 RO = ₹ 193.44) and as on 31st December, 2022 (1 RO = ₹ 214.87). Previous year figures have been converted into Indian Rupees @ 1 RO = ₹ 191.81 being the average of the exchange rates prevailing as on 31st December, 2020 (1 RO = ₹ 190.17) and as on 31st December, 2021 (1 RO = ₹ 193.44).

Directors **Jitender Pal Verma**

Issa Lalbuksh Al Raisi

Muscat, 16th March, 2023 **A. R. Suresh Kumar**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Share capital		Legal reserve		General reserve		Accumulated profits		Total	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
As at 31st December, 2020	2,50,000	47,542	83,334	15,847	7,50,000	1,42,628	34,65,219	6,58,981	45,48,553	8,64,998
Total comprehensive income for the year	—	—	—	—	—	—	3,74,886	71,906	3,74,886	71,906
Dividend declared and paid	—	—	—	—	—	—	(3,50,000)	(66,514)	(3,50,000)	(66,514)
As at 31st December, 2021	2,50,000	48,360	83,334	16,120	7,50,000	1,45,080	34,90,105	6,75,126	45,73,439	8,84,686
Total comprehensive income for the year	—	—	—	—	—	—	2,30,264	47,011	2,30,264	47,011
Dividend declared and paid	—	—	—	—	—	—	(1,00,000)	(20,416)	(1,00,000)	(20,416)
As at 31st December, 2022	**2,50,000**	**53,718**	**83,334**	**17,906**	**7,50,000**	**1,61,153**	**36,20,369**	**7,77,909**	**47,03,703**	**10,10,686**

The accompanying Notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2022

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net profit for the year before tax	**2,86,905**	4,24,460	**58,575**	81,415
Adjustments for:				
Depreciation on property, plant and equipment	**28,586**	53,765	**5,836**	10,313
Profit on disposal of property, plant and equipment	**(7,758)**	—	**(1,584)**	—
Interest income	**(34,587)**	(37,911)	**(7,061)**	(7,272)
Finance costs	**5,888**	3,185	**1,202**	611
Operating profit before changes in operating assets and liabilities	**2,79,034**	4,43,499	**56,968**	85,067
Changes in inventories	**15,214**	(4,831)	**2,479**	(1,039)
Changes in contract and other receivables	**19,945**	4,18,316	**(55,695)**	70,399
Changes in other current assets	**(68,976)**	15,919	**(17,746)**	2,581
Changes in trade and other payables	**2,02,150**	(2,20,061)	**68,905**	(37,963)
Changes in staff gratuity liability	**42,342**	17,632	**15,478**	4,327
Changes in contract assets	**(4,88,212)**	(3,41,206)	**(1,70,177)**	(74,847)
Changes in contract liabilities	**(54,681)**	(1,20,416)	**(184)**	(21,135)
Cash (used in)/generated from operating activities	**(53,184)**	2,08,852	**(11,428)**	40,400
Finance costs paid	**(5,888)**	(3,185)	**(1,202)**	(611)
Taxes paid	**(77,647)**	(79,377)	**(15,852)**	(15,225)
Net cash (used in)/generated from operating activities (A)	**(1,36,719)**	1,26,290	**(29,377)**	24,430
Cash flows from investing activities				
Interest received	**34,587**	37,911	**7,061**	7,272
Changes in time deposits	**(5,597)**	1,99,255	**(7,530)**	36,927
Purchase of property, plant and equipment	**(26,767)**	(1,133)	**(5,465)**	(217)
Proceeds from disposal of property, plant and equipment	**7,762**	—	**1,585**	—
Net cash generated from investing activities (B)	**9,985**	2,36,033	**2,145**	45,658
Cash flows from financing activities				
Proceeds from short term borrowing	**60,919**	—	**12,437**	—
Dividends paid	**(1,00,000)**	(3,50,000)	**(20,416)**	(66,514)
Net cash used in financing activity (C)	**(39,081)**	(3,50,000)	**(8,397)**	(67,704)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(1,65,815)**	12,323	**(29,371)**	3,298
Cash and cash equivalents at beginning of year	**2,91,995**	2,79,672	**56,484**	53,185
Cash and cash equivalents at end of year	**1,26,180**	2,91,995	**27,112**	56,484

The accompanying Notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. LEGAL STATUS AND PRINCIPAL BUSINESS ACTIVITIES

(a) LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C. is a Limited Liability Company, registered under the commercial laws of the Sultanate of Oman.

(b) The ultimate parent company is Voltas Limited – India.

(c) The Company is engaged in irrigation and landscaping activities and construction of water treatment plants.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board, and which are effective for the current accounting period, and the applicable requirements of the Oman Commercial Companies Law.

2.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. 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.

2.3 GOING CONCERN CONCEPT

The financial statements are prepared on a going concern basis.

When preparing financial statements, Management shall make an assessment of the Company’s ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, that have been consistently applied are as follows:

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight-line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual instalments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

Porta cabins	15.00 %
Capital equipment and accessories	15.00 %
Furniture fixtures and equipment	15.00 % - 33.33%
Vehicles	33.33 %

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

(b) Impairment of non financial assets

The carrying amounts of the non-financial assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

(c) Inventories

Inventories are stated at lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is determined on the Weighted Average Cost (WAC) basis and comprises of invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

(d) Contract and other receivables

Contract receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a short period and therefore are all classified as current. Contract receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the contract receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Contract receivables are stated at original invoice amount less an allowance for expected credit losses. Bad debts are written off or fully provided for as they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current and smart card accounts and deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

(f) 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. The contract assets are transferred to receivables when the rights become unconditional.

(g) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If the 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 performs under the contract.

(h) Trade and other payables

Liabilities are recognised for amounts to be paid for goods or services received, whether billed by the suppliers or not, to the extent of goods or services certified by the Company.

(i) Provisions

A provision is 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 economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

(j) Taxation

Taxation has been provided on the basis of the Company's taxable profits arrived at by making suitable adjustments for likely disallowances as per the tax law to the net profits as per the financial statements and applying the tax rates specified in the Income Tax Law in Oman. Additional tax liability that may arise in future on completion of pending tax assessments for the tax years 2019 to 2022 are not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the tax assessments are completed.

(k) Employees' benefit costs

The Company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees' benefits comprising leave salary, passage and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability, which would arise if the employment of all staff were terminated at the year-end.

(l) Legal reserve

Legal reserve is created by appropriating 10% of the net profit for the year as required by the Commercial Companies Law of Oman. The Company has resolved to discontinue such annual transfers since the reserve totals 33.33% of the paid-up share capital. The reserve is not available for distribution.

(m) General reserve

General reserve is created by appropriating a portion of the net profit for the period. The reserve is available for distribution.

(n) Revenue

Revenue from contracts with customers

The Company is engaged in irrigation and landscaping activities and construction of water treatment plants.

Revenue from contracts with customers is recognised when the control of the goods or services is 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 measured net of discounts, rebates, returns and other similar allowances.

The Company recognises revenue from contracts with customers based on five step model as set out in IFRS 15:

(1) Identify the contract with customer;

(2) Identify the performance obligations in the contract;

(3) Determine the transaction price;

(4) Allocate the transaction price to the performance obligations in the contract;

(5) Recognise revenue as performance obligations are satisfied.

(n) Revenue (contd.)

The Company is required to assess its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Company has concluded that for majority of its contracts, it is either creating or enhancing an asset controlled by the customer, or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue over time and measure progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation.

Variations which are in the nature of extension of existing scope of work are accounted for using cumulative catch up adjustments to the cost to complete method of revenue recognition. Variation orders which require addition of distinct goods and services to the scope at discounted prices are accounted for prospectively, and variation orders which require addition of distinct goods and services to the scope at standalone selling prices are accounted for as new contracts with the customers.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated. In determining the transaction price for the contracts / services, the Company considers the effect of variable consideration and significant financing components.

(i) Variable consideration

If the consideration in the contract includes a variable amount, the Company estimates the amount of consideration it is entitled to in exchange for transferring the goods or services. The amount of variable consideration is estimated at contract inception using either the expected value method or the most likely amount method and is constrained until the associated uncertainty is subsequently resolved.

Awards / incentive payments, liquidated damages, penalties, change orders / variations, claims, etc. give rise to variable consideration. Revenue related to said variable consideration is included in the transaction price / contract price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future when uncertainty associated with the variable consideration is subsequently resolved.

(ii) Significant financing component

In case of short-term advance from customers, as the period between the transfer of promised goods or services to the customer and when the customer pays for those goods or services is expected to be less than one year, the Company has used the practical expedient in IFRS 15 and not adjusted the consideration for significant financing component.

In case of long-term advance from customers, the transaction price for such contract is discounted using the rate that would be reflected in a separate financing transaction between the customer and the Company.

Revenue recognition on contracts

Contract billings are recorded on the basis of progress bills prepared by the Company and are considered as revenue to the extent that they are probable of being certified and recovered. Contract revenues are recognised over a period of time on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at year end. When the outcome of the contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

The stage of completion is determined on the basis of progress on each contract measured by reference to percentage completion proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Conservative proportion of the profit estimated by Directors to be earned on completion of the contracts is considered by reference to the work completed at the year end. Losses, if any, on jobs not completed are provided for when identified.

(o) Interest income

Interest income is recognised over a period of time on a time proportionate basis. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of allowance for expected credit losses).

(p) Leases

The Company leases various assets for commercial use. Rental contracts are made for varying period / years but may have extension and renewal options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets are not used as security for borrowing purposes.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

Right-of-use assets

Initial measurement

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

(p) Leases (contd.)

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- present value of estimated restoration costs.

Subsequent measurement

Subsequent to initial measurement right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-assets are depreciated on a straight-line basis over the shorter of asset's estimated useful life and the lease term.

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net 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;
- amounts expected to be paid under residual value guarantees;
- 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.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments if interest rate implicit in the lease is not readily determinable. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. Further, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability 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 and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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 of low value [i.e. Asset value below RO 1,925 (₹ 0.04 crore) when new]. 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.

Separate disclosure

For better presentation and understanding of users of financial statements, the leases under which substantially all the risks and rewards incidental to ownership of asset pass to the Company are disclosed as "Assets under finance lease", and where substantially all the risks and rewards incidental to ownership of asset are not passed to the Company are disclosed as "Assets under operating lease". However, irrespective of the separate disclosure as assets under finance lease or assets under operating lease, the accounting treatment / policy of both lease categories is same as per IFRS 16 as stated above.

(q) Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other finance costs are recognised as an expense in the year in which they are incurred.

(r) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year end date. All differences are taken to the Statement of comprehensive income.

(s) Financial instruments

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

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

(s) Financial instruments (contd.)

De-recognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire 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.

Financial liabilities are de-recognised when, and only when, they are extinguished, i.e., when obligation specified in the contract is discharged, cancelled or expired.

Classification and Measurement

Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

Initial measurement

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.

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 IFRS 15.

The contractual cash flow characteristic of a financial assets could give rise to cash flows that are 'Solely Payments of Principal and Interest' (SPPI) on the principal amount outstanding.

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.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon de-recognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

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 amortised cost are subsequently measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

The Company's financial assets at amortised cost includes contracts and other receivables, contract assets, fixed deposits and cash equivalents.

Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through Other Comprehensive Income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

(s) Financial Instruments (contd.)

cost. The remaining fair value changes are recognised in other comprehensive income. Upon de-recognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

The Company does not have any debt instrument under this category.

Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon de-recognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Company does not have any financial asset under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:

- Held for trading financial assets,
- Financial assets designated upon initial recognition at fair value through profit or loss, or
- Financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company does not have any financial asset under this category.

Impairment of financial assets

The Company measures Expected Credit Loss (ECL) in a way that reflects:

(a) An un-biased and probability weighted amount that is determined by evaluating a range of possible outcomes;

(b) Time value of money;

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. 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 credit loss arises even when the Company is expected to be settled in full but later than contractual due date. 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 exposure 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.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, allowance for ECLs is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

(t) Equity

Share capital is recorded at the value of proceeds received / receivable towards interest in share capital of the Company.

(u) Offsetting

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.

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

(i) The significant judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each year end, Management conducts an assessment of property, plant, equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

Classification of financial assets

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.

Leases

Determining the lease term

In determining the lease term, Management considers all facts and circumstances including contractual and legal rights, that create an economic incentive to exercise an extension / renewal option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimate is revised and in any future periods affected:

Carrying values of property, plant and equipment

The useful lives and residual values of property, plant and equipment are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the Company's inventory, in order to assess their likely realisation proceeds, technological changes, age, likely obsolescence, the rate at which the materials are being used and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Fair value of financial assets

The fair values of financial assets that are not traded in an active market is determined by using valuation techniques that involve use of estimates, assumptions on market conditions, and judgement on selection of appropriate valuation model.

Impairment

Assessments of net recoverable amounts of property, plant and equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The allowance for ECLs for financial assets are based on assumptions about the risk of default and expected loss rates. The Management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Staff end-of-service gratuity

The Company computes the liability to staff end-of-service gratuity assuming that all employees were to leave as at the year end. The Management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the Management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress are recognised only when the final outcome can be reliably estimated.

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers / subcontractors, work disputes, recovery of uncertified contract / variation work dues, expected costs during job warranty and defect liability period etc., that are subject to various sources of uncertainties and future negotiations. The Management regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

2.7 ADOPTION OF REVISED AND NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

(i) There are no International Financial Reporting Standards, amendments thereto and interpretations that became effective for the first time for the current reporting period and which are applicable to the Company and which could have a material impact on the financial statements.

(ii) The following International Financial Reporting Standards, amendments thereto and interpretations that are assessed by Management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (1st January, 2024)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (1st January, 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (1st January, 2023)

3. PROPERTY, PLANT AND EQUIPMENT

3.1

	Porta Cabins		Capital equipment and accessories		Furniture, fixtures and equipment		Vehicles		Total	
	RO	₹ in'000s	RO	₹ in'000s	RO	₹ in'000s	RO	₹ in'000s	RO	₹ in'000s
Cost										
As at 1st January, 2022	99,901	19,325	3,35,806	64,958	1,39,838	27,050	6,72,156	1,30,022	12,47,701	2,41,355
Additions	—	—	2,100	429	3,167	647	21,500	4,389	26,767	5,465
Disposals	—	—	—	—	—	—	(28,140)	(5,745)	(28,140)	(5,745)
As at 31st December, 2022	**99,901**	**21,466**	**3,37,906**	**72,606**	**1,43,005**	**30,727**	**6,65,516**	**1,42,999**	**12,46,328**	**2,67,798**
Accumulated depreciation										
As at 1st January, 2022	82,497	15,958	3,18,955	61,699	1,28,806	24,916	6,59,541	1,27,582	11,89,799	2,30,155
Depreciation for the year	6,240	1,274	6,042	1,234	3,988	814	12,316	2,514	28,586	5,836
Adjustment relating to disposals	—	—	—	—	—	—	(28,136)	(5,744)	(28,136)	(5,744)
As at 31st December, 2022	**88,737**	**19,067**	**3,24,997**	**69,832**	**1,32,794**	**28,533**	**6,43,721**	**1,38,316**	**11,90,249**	**2,55,748**
Net book value										
As at 31st December, 2021	17,404	3,367	16,851	3,259	11,032	2,134	12,615	2,440	57,902	11,200
As at 31st December, 2022	**11,164**	**2,399**	**12,909**	**2,774**	**10,211**	**2,194**	**21,795**	**4,683**	**56,079**	**12,050**

3.2 Six vehicles costing RO 33,050 (₹ 0.71 crore) [net book value RO 6 (₹ 1,289.22)] are registered in the name of employees.

3.3 Porta cabins and equipment are on land jointly owned by related parties.

3.4 The depreciation charge for the year is allocated as under:

		2021		2021
	RO	RO	**₹ '000s**	₹ '000s
Cost of work executed (Note 14)	**27,660**	51,654	**5,647**	9,908
Statement of comprehensive income	**926**	2,111	**189**	405
	28,586	53,765	**5,836**	10,313

4. INVENTORIES

			As at 31-12-2021		As at 31-12-2021
		RO	RO	**₹ in '000s**	₹ in '000s
4.1	Materials	**34,330**	1,11,159	**7,377**	21,503
	Provision for slow moving inventories	**(12,685)**	(74,300)	**(2,726)**	(14,373)
		21,645	36,859	**4,651**	7,130

4.2 The movements in provision for slow moving inventories are as follows:

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**74,300**	74,300	**14,373**	14,130
Provision written back to cost of works executed	**(61,615)**	—	**(12,579)**	—
Closing balance	**12,685**	74,300	**2,726**	14,373

5. CONTRACT AND OTHER RECEIVABLES

			As at 31-12-2021		As at 31-12-2021
		RO	RO	**₹ in '000s**	₹ in '000s
5.1	Contract receivables – related parties	**1,89,648**	2,03,765	**40,750**	39,416
	Contract receivables – others	**23,07,625**	21,71,868	**4,95,839**	4,20,126
	Allowance for expected credit loss	**(2,50,461)**	(1,70,099)	**(53,817)**	(32,904)
		22,46,812	22,05,534	**4,82,772**	4,26,638
	Advances to staff	**17,837**	44,242	**3,833**	8,558
	Inter corporate deposit given to related party	**5,00,000**	5,00,000	**1,07,435**	96,720
	Deposits	**10,370**	9,990	**2,228**	1,932
	Other receivables	**3,930**	—	**845**	—
	Other receivables from related parties	—	39,128	—	7,569
		27,78,949	27,98,894	**5,97,113**	5,41,417

5.2 The movements in the allowances for ECLs account against contract receivables are as follows:

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**1,70,099**	1,54,445	**32,904**	29,371
ECL allowance made during the year as per IFRS 9	**80,362**	15,654	**16,407**	3,003
Closing balance	**2,50,461**	1,70,099	**53,817**	32,904

5.3 The following table provides information about the ageing profile for trade receivables as at the year end.

Ageing profile	**Total**		**0-1 year**		**1-2 years**		**2-3 years**		**Above 3 years**	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
2022	**24,97,273**	**5,36,589**	**15,13,202**	**3,25,142**	**4,88,877**	**1,05,045**	**2,07,080**	**44,495**	**2,88,114**	**61,907**
2021	23,75,633	4,59,542	15,40,314	2,97,958	5,52,324	1,06,841	48,381	9,359	2,34,614	45,384

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

5. CONTRACT AND OTHER RECEIVABLES (contd.)

5.4 The Company uses an ECL allowance matrix / model to measure the ECLs of contract receivables. Accordingly, allowance for ECL of RO 2,50,461 (₹ 5.38 crores) has been recognised as at the year end. Any difference between the said allowance for expected losses and actual credit losses that would be known / incurred in future would be charged to profit or loss in the future years in which the actual credit losses are incurred.

5.5 The inter corporate deposit given to related party is unsecured, carrying interest rate of 5% per annum and having maturity date of 31st March, 2023.

6. OTHER CURRENT ASSETS

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Prepayments	**30,130**	68,782	**6,474**	13,305
Advance to supplier – related party	**1,07,581**	209	**23,116**	40
Advance to suppliers – others	**67,779**	67,523	**14,564**	13,062
	2,05,490	1,36,514	**44,154**	26,407

7. CONTRACTS ASSETS

			As at 31-12-2021		As at 31-12-2021
		RO	RO	**₹ in '000s**	₹ in '000s
7.1	Amounts due from customers for contract work	**29,28,071**	22,27,517	**6,29,154**	4,30,890
	Allowance for ECL	**(1,15,136)**	(75,426)	**(24,739)**	(14,590)
		28,12,935	21,52,091	**6,04,415**	4,16,300
	Retentions receivable	**7,17,938**	8,89,224	**1,54,263**	1,72,012
	Interest accrued on bank fixed deposits	**3,295**	4,641	**708**	898
		35,34,168	30,45,956	**7,59,386**	5,89,210
	Disclosed as:				
	Non-current contract assets	**45,922**	4,13,962	**9,867**	80,077
	Current contract assets	**34,88,246**	26,31,994	**7,49,519**	5,09,133
		35,34,168	30,45,956	**7,59,386**	5,89,210

7.2 Amounts due from customers for contract work include RO 37,226 (₹ 0.80 crore) [Previous year: RO 22,886 (₹ 0.44 crore)] due from related parties.

7.3 The movements in the allowance for ECLs account against amounts due from customers for contract works is as follows:

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**75,426**	40,866	**14,590**	7,771
Expected credit loss allowance made during the year as per IFRS 9	**39,710**	34,560	**8,107**	6,629
Closing balance	**1,15,136**	75,426	**24,739**	14,590

7. CONTRACTS ASSETS (contd.)

7.4 The following table provides information about the ageing profile for retentions receivable as at the year end.

Ageing profile	Total		0-1 year		1-2 years		2-3 years		Above 3 years	
	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s
2022	**7,17,938**	**1,54,263**	**6,909**	**1,484**	**1,78,639**	**38,384**	**1,08,982**	**23,417**	**4,23,408**	**90,978**
2021	8,89,224	1,72,012	3,07,258	59,437	1,58,558	30,671	3,91,184	75,671	32,224	6,233

8. CASH AND CASH EQUIVALENTS

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
8.1 Bank balances:				
Current accounts	**1,18,704**	2,88,710	**25,505**	55,849
Margin accounts	**5,300**	—	**1,139**	—
Smart card balances	**2,176**	3,285	**468**	635
	1,26,180	2,91,995	**27,112**	56,484

8.2 The credit facilities from banks are secured by way of:

(a) Lien on fixed deposits with the banks.

(b) Assignment letters from major customers.

(c) Proportionate guarantee of Lalbuksh Contracting and Trading Establishment for RO 15,00,000 (₹ 32.23 crores).

(d) Corporate guarantee of Voltas Netherlands B.V. for RO 20,00,000 (₹ 42.97 crores).

(e) Corporate guarantee of Lalbuksh Trading and Contracting L.L.C. for RO 20,00,000 (₹ 42.97 crores).

(f) Irrecoverable contract proceeds of all projects financed with a value of more than USD 20,00,000 (₹ 16.54 crores).

Bank facilities are subject to financial covenants.

9. OTHER NON - CURRENT FINANCIAL ASSETS

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Fixed deposits with banks	**3,00,851**	2,95,254	**64,644**	57,114

Fixed deposits were pledged with banks as security against credit facilities in the previous year.

10. SHARE CAPITAL

The share capital comprises 2,50,000 shares (Previous year: 2,50,000 shares) of face value RO 1 each, fully paid.

11. TRADE AND OTHER PAYABLES

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables	**10,42,387**	7,53,925	**2,23,978**	1,45,839
Accruals *	**2,74,095**	3,75,845	**58,895**	72,703
Amounts due to related parties	**74,165**	58,727	**15,935**	11,360
	13,90,647	11,88,497	**2,98,808**	2,29,902

* Accruals include RO 150 (₹ 0.003 crore) [Previous year: RO 476 (₹ 0.009 crore)] due to related party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

12. CONTRACT LIABILITIES

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
(a) Amounts due to customers for contract work	**2,41,753**	1,62,961	**51,946**	31,524
(b) Advance from customers	**2,43,250**	3,76,723	**52,267**	72,873
	4,85,003	5,39,684	**1,04,213**	1,04,397
Disclosed as:				
Non-current contract liabilities	**—**	—	**—**	—
Current contract liabilities	**4,85,003**	5,39,684	**1,04,213**	1,04,397
	4,85,003	5,39,684	**1,04,213**	1,04,397

13. REVENUE

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Contract works executed	**39,79,012**	40,56,740	**8,12,355**	7,78,123

- The Company recognises revenue from the transfer of goods and services over period of time. The disaggregated revenue from contracts with customers by geographical segments and contract type is presented below. The Management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

Primary Geographical segments		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Sultanate of Oman	**39,79,012**	40,56,740	**8,12,355**	7,78,123
Major goods / service lines				
Contract work executed	**39,49,085**	40,23,427	**8,06,245**	7,71,733
Maintenance contracts	**29,927**	33,313	**6,110**	6,390
	39,79,012	40,56,740	**8,12,355**	7,78,123
Timing of revenue recognition				
Over period of time	**39,79,012**	40,56,740	**8,12,355**	7,78,123

14. COST OF WORKS EXECUTED

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed*	**11,08,316**	9,23,318	**2,26,273**	1,77,101
Labour expenses	**17,08,839**	15,69,722	**3,48,877**	3,01,088
Sub-contract expenses	**3,90,819**	5,20,619	**79,790**	99,860
Depreciation (Note 3.4)	**27,660**	51,654	**5,647**	9,908
Other direct expenses	**3,85,325**	4,71,339	**78,668**	90,408
	36,20,959	35,36,652	**7,39,255**	6,78,365

*Includes RO 61,615 (₹ 1.26 crores) reversal of provision for inventories made during the earlier years.

15. OTHER OPERATING INCOME

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Credit balances written back	**7,121**	27,715	**1,453**	5,316
Profit on sale of scrap	**8,271**	12,000	**1,689**	2,302
Profit on sale of property, plant and equipment	**7,758**	—	**1,584**	—
Secondment income	**1,26,293**	—	**25,784**	—
Miscellaneous income	**5,114**	46,889	**1,044**	8,994
	1,54,557	86,604	**31,554**	16,612

16. OTHER OPERATING EXPENSES

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**21,162**	23,635	**4,320**	4,534
Repairs and maintenance	**3,079**	3,165	**629**	607
Insurance	**8,518**	5,836	**1,739**	1,119
Electricity and water charges	**6,271**	5,818	**1,280**	1,116
Telephones, fax and postage	**7,972**	7,489	**1,628**	1,436
Travelling and conveyance	**4,554**	793	**930**	152
Vehicle expenses	**5,622**	4,565	**1,148**	876
Printing and stationery	**2,801**	4,592	**572**	881
Miscellaneous expenses	**8,651**	15,067	**1,766**	2,890
	68,630	70,960	**14,012**	13,611

17. INTEREST INCOME

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Interest income on:				
Inter corporate deposit to a related party	**25,000**	25,000	**5,105**	4,796
Fixed deposits	**9,587**	12,911	**1,957**	2,476
	34,587	37,911	**7,062**	7,272

18. DIVIDENDS

Dividend declared and paid of RO 1,00,000 (₹ 2.04 crores) [Previous year: RO 3,50,000 (₹ 6.65 crores)] represents dividend per share of RO 0.4 (₹ 81.66) [Previous year: RO 1.400 (₹ 266.06)].

19. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The Management considers such transactions to be in the normal course of business. Related parties comprise parent company, fellow subsidiaries, companies under common ownership and / or common management control and members.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

19. RELATED PARTIES (contd.)

The balances with related parties at the year end have been separately disclosed in the financial statements. The nature of significant related party transactions and the amounts involved are as follows:

	Fellow subsidiaries	**Directors / Members**	**Total**	Total 2021	**Total**	Total 2021
	RO	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	—	**53,362**	**53,362**	59,460	**10,894**	11,405
Director's remuneration	—	**8,700**	**8,700**	8,700	**1,776**	1,669
Dividend paid	—	**1,00,000**	**1,00,000**	3,50,000	**20,416**	66,514
Purchases and expenses	**23,661**	—	**23,661**	6,534	**4,831**	1,253
Revenue	**14,341**	—	**14,341**	3,353	**2,928**	643
Sale of scrap	**154**	—	**154**	—	**31**	—
Interest on inter corporate deposit	**25,000**	—	**25,000**	25,000	**5,104**	4,795
Secondment/other income	**1,26,293**	—	**1,26,293**	47,289	**25,784**	9,071
Secondment expenses	**1,20,711**	—	**1,20,711**	—	**24,644**	—

20. TAXATION

20.1 The accounting net profit for the year has been adjusted in respect of provisions and other disallowances for the purpose of determining the taxable profit for the year. Taxation has been provided at the applicable rate of 15% (Previous year: 14.85%) in accordance with the Economic Stimulus Plan/ Income Tax Law in Oman. Taxation for the tax years 2019 to 2022 are subject to agreement with the taxation authorities.

20.2 The income tax expense per the statement of comprehensive income comprises:

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the previous year	**5,923**	—	**1,209**	—
Charge for the current year	**50,718**	49,574	**10,355**	9,509
Income tax expenses	**56,641**	49,574	**11,564**	9,509

20.3 The reconciliation between the income tax expense on the accounting profit and income tax expense in the statement of comprehensive income is as follows:

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
	15.00%	14.85%	**15.00%**	14.85%
Tax on accounting profit of RO 2,86,905 (₹ 5.86 crores) [Previous year: RO 4,24,460 (₹ 8.14 crores)] at applicable tax rates	**43,035**	63,032	**8,786**	12,091
Add / less tax effect of:				
Expenses disallowable	**180**	178	**37**	34
Depreciation adjustment based on depreciation rates as per tax law	**(491)**	3,778	**(100)**	725
ECL allowance made for doubtful contract receivables and contract assets not considered as deductible expense for tax purposes	**18,010**	7,457	**3,677**	1,430
Profit on disposals of property, plant and equipment	**(1,163)**	—	**(237)**	—
Other deduction allowable as per law and regulations	**(9,242)**	—	**(1,887)**	—
Other disallowances / adjustments (net)	**389**	(24,871)	**79**	(4,771)
Tax expense per statement of comprehensive income	**50,718**	49,574	**10,355**	9,509

20. TAXATION (contd.)

20.4 The movements in the current tax payable account are as follows:

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**64,042**	93,845	**12,388**	17,847
(-) Payment made during the year	**(77,647)**	(79,377)	**(15,852)**	(15,225)
Provision for tax made for the year	**56,641**	49,574	**11,564**	9,509
	43,036	64,042	**9,247**	12,388

21. FINANCIAL INSTRUMENTS

Management of risk

The Management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The Company buys goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Exposures to the aforementioned risks are detailed below:

(a) CREDIT, INTEREST RATE AND EXCHANGE RATE RISK EXPOSURES

Credit risk

Financial assets which potentially expose the Company to credit risks and concentrations of credit risk comprise principally, bank accounts, contract and other receivables, contract assets. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets net of allowance.

The Company's bank current, smart card, fixed and time deposit accounts are placed with reputed financial institutions. Contract and other receivables are stated net of allowances for ECL.

As at the year end,

(i) RO 19,12,832 (₹ 41.10 crores) constituting 59% [Previous year: RO 20,58,097 (₹ 39.81 crores) constituting 63%] of contract debtors and retentions are due from four debtors (Previous year: three debtors).

(ii) Amounts due from customers for contract works of RO 24,30,811 (₹ 52.23 crores) [Previous year: RO 16,47,134 (₹ 31.86 crores)] constituting 83% (Previous year: 74%) are due from five (Previous year: four) customers.

(iii) Inter corporate deposit of RO 5,00,000 (₹ 10.74 crores) constitutes 18% of contract and other receivables.

There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors outside the industry and the country in which the Company operates.

(1) Risk exposure on uncertified debts

At the year end, uncertified dues of RO 4,29,148 (₹ 9.22 crores) [comprising dues from main contract of RO 4,21,126 (₹ 9.05 crores) and dues of RO 8,022 (₹ 0.17 crore) for retentions] pertaining to different contracts, are outstanding for more than one year and are receivable from various customers, against which a provision of RO 2,50,461 (₹ 5.38 crores) has been made by the Company's Management. Whilst the ultimate outcome of the aforesaid contract matters, certification delays, variation orders, etc. is uncertain and subject to future negotiations, no further provision for possible loss on these dues has been made in the financial statements as the Management believes that the said matters would be suitably resolved in future without any material impact on the Company.

(2) Risk exposure on inter corporate deposit receivable from a related party

As at the year end, the inter corporate deposit of RO 5,00,000 (₹ 10.74 crores), contract and other receivables of RO 1,00,468 (₹ 2.16 crores) were due from a related party which has incurred significant accumulated losses and the equity fund of the company is fully eroded. However, as per the Company's Management no allowance for ECLs on the above has been made in the Company's financial statements as they believe that the amounts will be recovered in due course.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

21. FINANCIAL INSTRUMENTS (contd.)

Interest rate risk

The Company's fixed deposits are at interest rates of 3% per annum (Previous year: 3% to 3.25% per annum). Inter corporate deposit is at interest rate of 5% per annum. Most of the other financial assets and liabilities are non-interest bearing. Reasonably possible changes to interest rates at the year end are unlikely to have a significant impact on profit or equity.

(b) FAIR VALUES

The fair values of the Company's financial assets and financial liabilities approximate to their carrying values net of provisions. The fair values of cash and cash equivalents, contract and other receivables, contract assets, other current assets, trade and other payables and contract liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Liquidity risk

The Company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as they fall due for payment. The maturity analysis of the Company's financial liabilities as at the year end is given below:

	Less than 1 year	**1 year to 5 years**	**Total**	**Total**
	RO	**RO**	**RO**	**₹ in '000s**
As at 31st December, 2022				
Staff end-of-service gratuity	**—**	**3,40,054**	**3,40,054**	**73,067**
Short term borrowing – Overdraft	**60,919**	**—**	**60,919**	**13,090**
Trade and other payables	**13,90,647**	**—**	**13,90,647**	**2,98,808**
Contract liabilities	**4,85,003**	**—**	**4,85,003**	**1,04,213**
Current tax payable	**43,036**	**—**	**43,036**	**9,247**
	19,79,605	**3,40,054**	**23,19,659**	**4,98,425**

	Less than 1 year	1 year to 5 years	Total	Total
	RO	RO	RO	₹ in '000s
As at 31st December, 2021				
Staff end-of-service gratuity	—	2,97,712	2,97,712	57,589
Trade and other payables	11,88,497	—	11,88,497	2,29,903
Contract liabilities	5,39,684	—	5,39,684	1,04,396
Current tax payable	64,042	—	64,042	12,388
	17,92,223	2,97,712	20,89,935	4,04,276

22. CONTINGENT LIABILITIES

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's Letters of guarantees and bonds	**21,47,314**	22,76,894	**4,61,394**	4,40,442
Unutilised Letters of credit	**17,538**	53,226	**3,768**	10,296
	21,64,852	23,30,120	**4,65,162**	4,50,738

As is common in the contracting industry, there are certain ongoing pending matters under negotiations with the clients / consultants relating to possible penalties for delays in job completion, claim of suppliers / subcontractors not accepted by the Company, work disputes, recovery of uncertified contract / variation work dues, etc., whose actual occurrence and financial impact cannot be ascertained at the present stage.

23. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to ensure that the Company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

Directors **Jitender Pal Verma**
Issa Lalbuksh Al Raisi
Muscat, 16th March, 2023 **A. R. Suresh Kumar**

VOLTAS OMAN S.P.C.

(FORMERLY KNOWN AS VOLTAS OMAN L.L.C.)

Directors :

Jitender Pal Verma

A. R. Suresh Kumar

V. P. Malhotra

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Twelfth Annual Report and Accounts for the year ended 31st December, 2022.

2. The Company has reported lower turnover of Rials Omani (RO) 1.724 million for the year ended 31st December, 2022, as compared to RO 2.549 million in the previous year. Net Profit was RO 0.060 million for the year under review as compared to RO 0.337 million in the previous year. The overall order book position as at 31st December, 2022, was RO 6.758 million.

3. As part of an internal restructuring exercise, Voltas Netherlands B.V. (the holding company) has transferred its entire shareholding in the Company to Universal MEP Projects Pte. Limited (UMPPL), its wholly owned subsidiary in the Republic of Singapore. The legal process has been completed on 15th November, 2022 and the Commercial Registration Certificate has been suitably modified to reflect the name of UMPPL as a shareholder in place of the holding company.

4. In view of the accumulated losses, the Directors do not recommend any dividend for the year ended 31st December, 2022 (Previous year: Nil).

5. M/s. PKF L.L.C., Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors
Jitender Pal Verma
A. R. Suresh Kumar

Muscat, 16th March, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF

VOLTAS OMAN S.P.C.

Opinion

We have audited the financial statements of **VOLTAS OMAN S.P.C.** (the Company), which comprise the statement of financial position as at 31st December, 2022, and the statement of 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 at 31st December, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note number 2.3 in the financial statements, which indicates that the Company has incurred significant accumulated losses of RO 37,11,343 (₹ 79.75 crores) and has a deficit in equity and sole proprietor company's funds of RO 20,97,675 (₹ 45.07 crores) as at 31st December, 2022. However, sole proprietor company has agreed to continue with the operations of the Company. The Company's ability to continue as a going concern is dependent upon future profitable operations and continued financial support from the proprietor to settle its liabilities. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to:

- Note number 7(b) to these financial statements regarding accounting claims for material advances received in progress billings.
- Note number 20 to these financial statements regarding credit risk exposures and unapproved variations respectively.

Our opinion is not modified in respect of these matters.

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 IFRSs, 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 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 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.

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.

PKF L.L.C.
Chartered Accountants
Sultanate of Oman

Muscat, 16th March, 2023

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	Notes	RO	As at 31-12-2021 RO	₹ in '000s	As at 31-12-2021 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**41,800**	61,049	**8,982**	11,809
Long term deposits	4	**1,018**	1,018	**219**	197
		42,818	62,067	**9,201**	12,006
CURRENT ASSETS					
Contract and other receivables	4	**2,00,915**	6,39,312	**43,171**	1,23,669
Other assets	5	**98,418**	1,43,047	**21,147**	27,671
Contract assets	6	**16,55,760**	23,43,280	**3,55,773**	4,53,284
Cash and cash equivalents	8	**70,655**	3,14,456	**15,182**	60,828
		20,25,748	34,40,095	**4,35,273**	6,65,452
TOTAL ASSETS		**20,68,566**	35,02,162	**4,44,474**	6,77,458
EQUITY AND LIABILITIES					
SOLE PROPRIETOR COMPANY'S FUNDS					
Share capital	9	**15,00,000**	5,00,000	**3,22,305**	96,720
Legal reserve		**1,13,668**	1,07,691	**24,424**	20,832
Accumulated losses		**(37,11,343)**	(37,65,131)	**(7,97,456)**	(7,28,327)
Deficit in equity and sole proprietor company's funds		**(20,97,675)**	(31,57,440)	**(4,50,727)**	(6,10,775)
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**1,08,331**	1,20,223	**23,278**	23,256
CURRENT LIABILITIES					
Borrowings	10	**15,02,615**	32,16,056	**3,22,867**	6,22,114
Contract and other payables	11	**24,85,951**	32,05,159	**5,34,156**	6,20,006
Contract liabilities	12	**69,343**	1,18,163	**14,900**	22,857
Current tax payable		**1**	1	—	—
		40,57,910	65,39,379	**8,71,923**	12,64,977
TOTAL EQUITY AND LIABILITIES		**20,68,566**	35,02,162	**4,44,474**	6,77,458

The accompanying Notes form an integral part of these financial statements.

These Financial Statements have been approved and authorised for issue by the Board of Directors on 16th March, 2023.

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Omani Rial (RO) = ₹ 214.87 being the exchange rate prevailing as on 31st December, 2022. Previous year figures have been converted @ 1 RO = ₹ 193.44 being the exchange rate prevailing as on 31st December, 2021.

Directors **Jitender Pal Verma**

Muscat, 16th March, 2023 **A. R. Suresh Kumar**

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Notes	**RO**	2021 RO	**₹ in '000s**	2021 ₹ in '000s
REVENUE	13	**17,24,029**	25,49,357	**3,51,978**	4,88,993
Cost of works executed	14	**(15,36,521)**	(24,15,780)	**(3,13,696)**	(4,63,371)
GROSS PROFIT		**1,87,508**	1,33,577	**38,282**	25,622
Other operating income	15	**3,09,741**	5,21,268	**63,237**	99,985
Staff costs		**(1,93,047)**	(1,15,368)	**(39,412)**	(22,129)
Depreciation	3	**(1,450)**	(1,474)	**(296)**	(283)
Other operating expenses	16	**(86,690)**	(64,525)	**(17,699)**	(12,377)
PROFIT FROM OPERATING ACTIVITIES FOR THE YEAR		**2,16,062**	4,73,478	**44,112**	90,818
Finance costs	17	**(1,56,297)**	(1,38,034)	**(31,910)**	(26,476)
NET PROFIT FOR THE YEAR BEFORE TAX		**59,765**	3,35,444	**12,202**	64,342
Income tax credit	18	—	1,616	—	310
NET PROFIT FOR THE YEAR AFTER TAX		**59,765**	3,37,060	**12,202**	64,652
Other comprehensive income / (loss) for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**59,765**	3,37,060	**12,202**	64,652

The accompanying Notes form an integral part of these financial statements.

Note: The Statement of Comprehensive Income has been converted into Indian Rupees @ 1 Omani Rial (RO) = ₹ 204.16, being the average of the exchange rates prevailing as on 31st December, 2022 (1 RO = ₹ 214.87) and as on 31st December, 2021 (1 RO = ₹ 193.44). Previous year figures have been converted into Indian Rupees @ 1 RO = ₹ 191.81, being the average of the exchange rates prevailing as on 31st December, 2021 (1 RO = ₹ 193.44) and as on 31st December, 2020 (1 RO = ₹ 190.17).

Directors **Jitender Pal Verma**

Muscat, 16th March, 2023 **A. R. Suresh Kumar**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Share capital		**Legal reserve**		**Accumulated losses**		**Total**	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
As at 31st December, 2020	5,00,000	95,085	73,985	14,070	(40,68,485)	(7,73,704)	(34,94,500)	(6,64,549)
Total Comprehensive income for the year	—	—	—	—	3,37,060	64,652	3,37,060	64,652
Transfer to legal reserve	—	—	33,706	6,465	(33,706)	(6,465)	—	—
As at 31st December, 2021	5,00,000	96,720	1,07,691	20,832	(37,65,131)	(7,28,327)	(31,57,440)	(6,10,775)
Total Comprehensive income for the year	—	—	—	—	59,765	12,202	59,765	12,202
Transfer to legal reserve	—	—	5,977	1,220	(5,977)	(1,220)	—	—
Issue of share capital	10,00,000	2,04,160	—	—	—	—	10,00,000	2,04,160
As at 31st December, 2022	**15,00,000**	**3,22,305**	**1,13,668**	**24,424**	**(37,11,343)**	**(7,97,456)**	**(20,97,675)**	**(4,50,727)**

The accompanying Notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2022

		2021		2021
	RO	RO	**₹ in '000s**	₹in '000s
Cash flows from operating activities				
Net profit for the year before tax	**59,765**	3,35,444	**12,202**	64,342
Adjustments for:				
Depreciation	**21,857**	39,296	**4,462**	7,537
Profit on disposal of property, plant and equipment	**(3,043)**	—	**(621)**	—
Finance costs	**1,56,297**	1,38,034	**31,910**	26,476
Operating profit before changes in operating assets and liabilities	**2,34,876**	5,12,774	**47,953**	98,355
Changes in contract and other receivables	**4,38,397**	1,22,438	**80,498**	21,193
Changes in other assets	**44,629**	(62,320)	**6,524**	(12,319)
Changes in contract assets	**6,87,520**	22,78,994	**97,511**	4,25,734
Changes in contract and other payables	**(7,19,208)**	(8,38,560)	**(85,850)**	(1,48,988)
Changes in staff end-of-service gratuity	**(11,892)**	(7,234)	**21**	(983)
Changes in contract liabilities	**(48,820)**	(7,74,987)	**(7,958)**	(1,46,993)
Cash generated from operating activities	**6,25,502**	12,31,105	**1,34,402**	2,38,145
Tax paid	**—**	(12)	**—**	(2)
Net cash generated from operating activities (A)	**6,25,502**	12,31,093	**1,34,402**	2,38,143
Cash flows from investing activities				
Proceeds on disposal of property, plant and equipment	**3,050**	—	**623**	—
Purchase of property, plant and equipment	**(2,615)**	(4,154)	**(534)**	(797)
Net cash from / (used in) investing activities (B)	**435**	(4,154)	**93**	(804)
Cash flows from financing activities				
Repayment of borrowings	**(17,13,441)**	(9,90,777)	**(2,99,247)**	(1,77,900)
Issue of share capital	**10,00,000**	—	**2,04,160**	—
Finance costs paid	**(1,56,297)**	(1,38,034)	**(31,910)**	(26,476)
Net cash used in financing activities (C)	**(8,69,738)**	(11,28,811)	**(1,86,881)**	(2,18,357)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(2,43,801)**	98,128	**(45,647)**	19,689
Cash and cash equivalents at beginning of year	**3,14,456**	2,16,328	**60,828**	41,139
Cash and cash equivalents at end of year	**70,655**	3,14,456	**15,182**	60,828

The accompanying Notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. LEGAL STATUS AND BUSINESS ACTIVITY

(a) **VOLTAS OMAN S.P.C.** is a Sole Proprietor Company, registered under the Commercial Companies Laws of the Sultanate of Oman.

(b) The Company's sole proprietor company is Universal MEP Projects PTE. Limited registered in Singapore and the ultimate parent company is Voltas Limited, Mumbai, India.

(c) The Company trades in air conditioners, undertakes electrical, heating, ventilating, air-conditioning and mechanical contracting works, and service and maintenance of the same, and facility management services.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board, and which are effective for the current accounting period, and the applicable requirements of the Oman Commercial Companies Law.

2.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. 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.

2.3 GOING CONCERN CONCEPT

- The financial statements are prepared on a going concern basis.

  When preparing financial statements, Management shall make an assessment of the Company's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

- As per the statement of financial position, the Company has incurred significant accumulated net losses of RO 37,11,343 (₹ 79.75 crores) and has a deficit in equity and sole proprietor company's funds of RO 20,97,675 (₹ 45.07 crores) as at 31st December, 2022. As per the current financial statements, the Company is dependent upon the continued support from its bankers, sole proprietor company and its related parties. The financial statements have been prepared on a going concern basis as:

  (i) The Company will continue to receive financial support from its bankers, related parties and sole proprietor company in order that it can meet its liabilities as and when they fall due; and

  (ii) The sole proprietor company has agreed to continue with the operations of the Company, and the Company would be able to generate sufficient net profits in future to make it an economically viable unit.

The Company's Management has assessed the impact of COVID 19 on its liquidity, bank facilities, disruption of business operations, supply chains and demand drivers, impairment of its assets, etc., which may lead to solvency issue and have concluded that in spite of the challenges, the Company will remain solvent and continue as going concern in future.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, that have been consistently applied are as follows:

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight-line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual instalments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

Temporary structures	15.00%
Equipment	15.00%
Furniture and fixtures	33.33%
Computers and software and other office equipment	15% - 33.33%
Vehicles	33.33%

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

(b) Impairment of non financial assets

The carrying amounts of the property, plant and equipment are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the property, plant and equipment exceeds its recoverable amount.

(c) Inventories

Inventories have been bought specifically for jobs and therefore have been considered as fully consumed on that specific job and therefore booked as job costs.

(d) Contract and other receivables

Contract receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a short period and therefore are all classified as current. Contract receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the contract receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Contract receivables are stated at original invoice amount less allowance for expected credit losses. Bad debts are written off or fully provided for as they arise.

(e) 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. The Contract assets are transferred to receivables when the rights become unconditional.

(f) Amounts due from / to customers for contract work

Amounts due from / to customers for contract work represents costs incurred on contracts plus recognised profits less recognised losses and progress billings. Contract costs comprises costs of materials, labour, sub-contract costs and attributable overheads.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank current and smart card accounts.

(h) Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

(i) Legal reserve

Legal reserve is created by appropriating 10% of the net profit for the year as required by the Commercial Companies Law of Oman. The Company may resolve to discontinue such annual transfers when the reserve totals 33.33% of the paid up share capital. The reserve is not available for distribution.

(j) Employees benefit costs

The Company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees benefits comprising leave salary, and end-of-service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year end. The total expense recognised in the statement of comprehensive income for staff end-of-service gratuity amounts to RO 34,889 (₹ 0.71 crore) [Previous year: RO 42,094 (₹ 0.81 crore)].

Accrual for staff passage is made on proportionate leave entitlement of employees in accordance with Company's rules.

(k) Contract and other payables

Liabilities are recognised for amounts to be paid for goods or services received, whether billed by the suppliers or not, to the extent of goods or services certified by the Company.

(l) Provisions

A provision is 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 economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

(m) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration 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 performs under the contract.

(n) Taxation

Provision for income tax has not been made in the Company's financial statements on taxable net profit during the year, arrived at after making suitable adjustments for likely disallowance as per the Income Tax Law in Oman and as per Company's past completed income tax assessments to the net profit as per the Company's financial statements, in view of the past accumulated loss incurred by the Company. As per the Income Tax Law in Oman, net tax losses incurred shall be carried forward for a period of five years after the expiry of the tax year in which it is incurred and shall be deducted in computation of taxable income of those years. The net accumulated tax loss of RO 9,42,764 (₹ 17.69 crores) for the tax year 2020 is available for set off against future taxable income in Oman. Additional income tax liability that may arise in future on completion of pending income tax assessment for the tax years 2019 to 2022 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the income tax assessments are completed. Deferred tax asset on unused tax losses are not recognised on account of uncertainty regarding availability of future taxable income against which the unused tax losses can be utilised.

(o) Offsetting

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.

(p) Financial instruments

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

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

De-recognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire 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.

Financial liabilities are de-recognised when, and only when, they are extinguished, i.e., when obligation specified in the contract is discharged, cancelled or expired.

Classification and Measurement

Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

Initial measurement

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.

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. Contract 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 IFRS 15.

The contractual cash flow characteristic of a financial asset could give rise to cash flows that are 'Solely Payments of Principal and Interest' (SPPI) on the principal amount outstanding.

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.

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon de-recognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

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 amortised cost are subsequently measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

The Company's financial assets at amortised cost includes long term deposits, contract and other receivables, contract assets and cash equivalents.

The Company does not have any financial assets at fair value through other comprehensive income with recycling of cumulative gains or losses, financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon de-recognition and financial assets at fair value through profit or loss.

Impairment of financial assets

The Company measures Expected Credit Loss (ECL) in a way that reflects:

(a) An un-biased and probability weighted amount that is determined by evaluating a range of possible outcomes;

(b) Time value of money;

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company recognises allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL 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 credit loss arises even when the Company is expected to be settled in full but later than contractual due date. 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.

ECL are recognised in two stages:

- For credit exposure for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months.
- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, allowance for ECL is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For contract receivables and contract assets, the Company applies a simplified approach in calculating ECL. The Company does not track changes in credit risk, but instead recognises allowance for ECL based on lifetime ECL at each reporting date. The Company has established a provision model that is based on variety of data / factors that are determined to be predictive of the risk of loss (including but not limited to historical credit loss experience, forward looking information for contract receivables and contract assets, and available market information about customers). Accordingly, for the purpose of recognising ECL, contract receivables and contract assets are grouped on the basis of shared credit risk characteristics. ECL rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write-off. ECL rates are calculated separately for exposures in different segments based on the common credit risk characteristics. ECL rates are based on actual historic credit loss experience over the past few years. These rates are multiplied by forward looking adjustment factor to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

(q) Revenue

Revenue from contracts with customers

The Company trades in air conditioners, undertakes electrical, heating, ventilating, air-conditioning and mechanical contracting works, and service and maintenance of the same, and facility management services.

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of significant financing components to the customer (if any).

Significant financing component

The Company receives short-term advance from its customers. As the period between the transfer of promised goods or services to the customer and when the customer pays for those goods or services is expected to be less than one year, the Company has used the practical expedient in IFRS 15 and not adjusted the consideration for significant financing component.

Revenue recognition on contracts

Contract billings are recorded on the basis of progress bills prepared by the Company's engineers and are considered as revenue to the extent that they are probable of being certified and recovered. Contract revenues are recognised over a period of time on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the year end.

The stage of completion is determined on the basis of progress on each contract measured by reference to proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Conservative proportion of the profit estimated by Directors to be earned on completion of the contracts is considered by reference to the work completed at the year end. Losses, if any, on jobs not completed are provided for when identified.

Maintenance revenue

In respect of maintenance contracts, revenue is recognised evenly over the period of the contract.

Sale of goods

The Company has concluded that revenue from sale of goods should be recognised at the point in time when the control of the asset is transferred to the customer, generally on delivery of the goods.

(r) Leases

The Company leases various assets for commercial use. Rental contracts are made for varying period / years but may have extension and renewal options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, however leased assets are not used as security for borrowing purposes.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application (1st January, 2019):

Right-of-use assets

Initial measurement

The Company recognises right-of-use assets at the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- present value of estimated restoration costs.

Subsequent measurement

Subsequent to initial measurement right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-assets are depreciated on a straight-line basis over the shorter of asset's estimated useful life and the lease term.

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

Lease liabilities

The Company recognises lease liabilities at the commencement date of the lease. The lease liabilities are measured at the net 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;
- amounts expected to be paid under residual value guarantees;
- 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.

The Company uses its incremental borrowing rate as the discount rate in calculating the present value of lease payments if interest rate implicit in the lease is not readily determinable. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. Further, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability 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 and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (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 of low value [(i.e. Asset value below RO 1,925 (₹ 0.04 crore) when new)]. 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.

(**s**) **Finance costs**

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other finance costs are recognised as an expense in the year in which they are incurred.

(**t**) **Foreign currencies**

Transactions in foreign currencies are translated into Rials Omani and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rials Omani at the rates of exchange ruling at the year end. The resultant exchange gains and losses are recognised in the statement of comprehensive income.

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

(i) The significant judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each year end, Management conducts an assessment of property, plant, equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

Classification of financial assets

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.

Leases

Determining the lease term

In determining the lease term, Management considers all facts and circumstances including contractual and legal rights, that create an economic incentive to exercise an extension / renewal option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"), due to the absence of implicit rates in the lease contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES (contd.)

Management has applied judgements and estimates to determine the IBR at the commencement of lease, using borrowing rates that certain financial institutions would charge the Company against financing the different types of assets it leases over different terms and different ranges of values. Majority of the leases are present in the Oman and accordingly no adjustment for the economic environment was deemed required.

COVID 19

The Company's Management has exercised significant judgement while assessing the impact of COVID 19 on inventory obsolescence, inventory net realizable value, recoverability and impairment of assets, ECL on financial assets, warranty obligations, delay cost / penalties, contingent liabilities, etc., and has concluded that there is no material impact of COVID 19 on aforementioned matters and the financial statements. The Company's Management regularly reviews, estimates and suitably accounts for the possible financial impact of such matters based on their assessment, past experience and available information.

(ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future year affected:

Carrying values of property, plant and equipment

The useful lives and residual values of property, plant and equipment are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Impairment

Assessments of net recoverable amounts of property, plant, equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The allowance for ECL for financial assets are based on assumptions about the risk of default and expected loss rates. The Management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the Company's Management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress are recognised only when the final outcome can be reliably estimated.

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers / subcontractors, work disputes, recovery of uncertified contract / variation work dues, expected costs during job warranty and defect liability period, etc., that are subject to various sources of uncertainties and future negotiations. The Management regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

Staff end-of-service gratuity

The Company computes the liability to staff end-of-service gratuity assuming that all employees were to leave as of the year end. The Management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

2.7 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

(i) There are no International Financial Reporting Standards (IFRS), amendments thereto and Interpretations that became effective for the first time for the current reporting period and which are applicable to the Company and which could have a material impact on these financial statements.

(ii) The following IFRS, amendments thereto and Interpretations that are assessed by Management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (1st January, 2023).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (1st January, 2023).
- Definition of Accounting Estimates (Amendments to IAS 8) (1st January, 2023).

3. PROPERTY, PLANT AND EQUIPMENT

	Temporary structures		Equipment		Furniture and fixtures		Computers and software and other office equipment		Vehicles		Total	
	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s	RO	₹ in '000s
Cost												
As at 1st January, 2022	2,00,787	38,840	55,166	10,671	51,112	9,887	1,58,452	30,651	31,350	6,064	4,96,867	96,113
Additions	—	—	270	55	—	—	2,345	479	—	—	2,615	534
Disposal	(9,100)	(1,858)	—	—	—	—	—	—	—	—	(9,100)	(1,858)
As at 31st December, 2022	**1,91,687**	**41,188**	**55,436**	**11,912**	**51,112**	**10,982**	**1,60,797**	**34,550**	**31,350**	**6,736**	**4,90,382**	**1,05,368**
Accumulated depreciation												
As at 1st January, 2022	1,54,485	29,884	47,515	9,191	50,178	9,706	1,52,745	29,547	30,895	5,976	4,35,818	84,304
Depreciation for the year	17,269	3,525	2,845	581	129	26	1,159	237	455	93	21,857	4,462
Adjustment relating to disposal	(9,093)	(1,856)	—	—	—	—	—	—	—	—	(9,093)	(1,856)
As at 31st December, 2022	**1,62,661**	**34,951**	**50,360**	**10,821**	**50,307**	**10,809**	**1,53,904**	**33,069**	**31,350**	**6,736**	**4,48,582**	**96,386**
Net book value												
As at 31st December, 2021	46,302	8,956	7,651	1,480	934	181	5,707	1,104	455	88	61,049	11,809
As at 31st December, 2022	**29,026**	**6,237**	**5,076**	**1,091**	**805**	**173**	**6,893**	**1,481**	—	—	**41,800**	**8,982**

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Depreciation charged to cost of works executed	**20,407**	37,822	**4,166**	7,254
Depreciation charged to other operating expenses	**1,450**	1,474	**296**	283
	21,857	39,296	**4,462**	7,537

4. CONTRACT AND OTHER RECEIVABLES

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Contract receivables *	**30,07,826**	33,02,654	**6,46,292**	6,38,866
Contract debtor billed for services	**57,480**	2,52,881	**12,351**	48,917
	30,65,306	35,55,535	**6,58,643**	6,87,783
Advance to staff	—	8,449	—	1,634
Bank margin money	**1,150**	—	**247**	—
Deposits	**1,018**	1,018	**219**	197
Less: Allowance for expected credit losses	**(28,65,541)**	(29,24,672)	**(6,15,719)**	(5,65,748)
	2,01,933	6,40,330	**43,390**	1,23,866
Classified as long term deposits	**(1,018)**	(1,018)	**(219)**	(197)
	2,00,915	6,39,312	**43,171**	1,23,669

* Refer to Note number 20 to these financial statements regarding credit risk exposures.

- The movement in the allowance for expected credit losses account is as follows:

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**29,24,672**	22,82,404	**5,65,748**	4,34,045
Expected credit loss allowance made during the year as per IFRS 9	—	6,42,268	—	1,23,193
Allowance written back to other operating income in the statement of comprehensive income	**(59,131)**	—	**(12,072)**	—
Closing balance	**28,65,541**	29,24,672	**6,15,719**	5,65,748

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

4. CONTRACT AND OTHER RECEIVABLES (contd.)

- The following table provides information about the ageing profile for contract receivables as at the year end:

Ageing Profile	**Total**	**0-3 months**	**3 months to 1 year**	**1 to 2 years**	**2 to 3 years**	**3 - 7 Years**	**Above 8 years**
2022							
RO	**30,65,306**	**91,860**	**60,790**	**12,66,003**	**29,365**	**16,02,288**	**15,000**
₹ in '000s	**6,58,543**	**19,738**	**13,062**	**2,72,026**	**6,310**	**3,44,284**	**3,223**
2021							
RO	35,55,535	97,950	17,08,682	32,587	10,44,454	6,56,863	15,000
₹ in '000s	6,87,783	18,948	3,30,527	6,304	2,02,039	1,27,063	2,902

The Company uses an expected credit loss (ECL) allowance model to measure the ECL of contract receivables. Accordingly, allowance for ECL of RO 28,65,541 (₹ 61.57 crores) [Previous year: RO 29,24,672 (₹ 56.57 crores)] has been recognised at the year end. Any difference between the said allowance for expected losses and actual credit losses that would be known / incurred in future would be charged to profit or loss in the future years in which the actual credit losses are incurred.

5. OTHER ASSETS

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Prepayments	**37,932**	70,349	**8,150**	13,608
Advance to suppliers *	**60,486**	72,698	**12,997**	14,063
	98,418	1,43,047	**21,147**	27,671

*Advance to suppliers includes RO 1,024 (₹ 0.02 crore) [Previous year: RO 8,219 (₹ 0.16 crore)] advance given to related parties.

6. CONTRACT ASSETS

			As at 31-12-2021		As at 31-12-2021
		RO	RO	**₹ in '000s**	₹ in '000s
(a)	Amounts due from customers for contract works	**7,50,346**	14,87,769	**1,61,227**	2,87,794
(b)	Retentions receivable	**9,89,065**	11,22,723	**2,12,520**	2,17,179
(c)	Accrued income *	**2,55,010**	28,081	**54,794**	5,432
	Less - Allowance for expected credit losses	**(3,38,661)**	(2,95,293)	**(72,768)**	(57,121)
		16,55,760	23,43,280	**3,55,773**	4,53,284
Disclosed as:					
Non-current contract assets		**—**	—	**—**	—
Current contract assets		**16,55,760**	23,43,280	**3,55,773**	4,53,284

*The Company has accrued income of RO 2,55,010 (₹ 5.48 crores) [Previous year: RO 28,081 (₹ 0.54 crore)] which is uncertified as of the year end that includes RO 2,23,602 (₹ 4.80 crores) [Previous year: RO 16,125 (₹ 0.31 crore)] which has not been billed to the customers or recovered subsequently. Company's Management is confident that the said accrued income will be certified in due course by client and will be recovered and accordingly, no allowance for ECL against accrued income has been made at 31st December, 2022.

6. CONTRACT ASSET (contd.)

- The movement in the allowance for ECL on contract assets is as follows:

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**2,95,293**	12,58,376	**57,121**	2,39,305
Expected credit loss allowance made during the year as per IFRS 9	**43,368**	—	**8,854**	—
Allowance written back to other operating income in the statement of comprehensive income	—	(9,63,083)	—	(1,84,729)
Closing balance	**3,38,661**	2,95,293	**72,768**	57,121

The Company uses an ECL allowance model to measure the ECL of contract assets. Accordingly, allowance for ECL of RO 3,38,661 (₹ 7.28 crores) [Previous year: RO 2,95,293 (₹ 5.71 crores)] has been recognised at the year end. Any difference between the said allowance for expected credit losses and actual credit losses that would be known / incurred in future would be charged to profit or loss in the future years in which the actual credit losses are incurred.

7. CONTRACT IN PROGRESS

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Contract costs incurred plus recognised profits less recognised losses	**1,75,36,897**	1,66,32,209	**35,80,333**	31,90,224
Progress billings*	**1,67,86,551**	1,51,44,440	**34,27,142**	29,04,855
Advance on contracts	**34,753**	82,923	**7,467**	16,041
Retentions receivables	**7,11,500**	7,66,407	**1,52,880**	1,48,254

(a) Refer to Note number 20 (i) to these financial statements regarding unapproved variations.

(b) * Progress billings include RO 9,265 (₹ 0.20 crore) billed against claims for material advances received and to that extent due from customers for contract works is understated and billings are overstated.

8. CASH AND CASH EQUIVALENTS

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Bank balance on current accounts	**67,320**	3,12,152	**14,465**	60,382
Bank smart card accounts	**394**	129	**85**	25
Cash on hand	**2,941**	2,175	**632**	421
	70,655	3,14,456	**15,182**	60,828

			As at 31-12-2021	As at 31-12-2021		As at 31-12-2021
9. SHARE CAPITAL	**Share %**	**RO**	Share %	RO	**₹ in '000s**	₹ in '000s
Universal MEP Projects PTE Limited	**100**	**15,00,000**	—	—	**3,22,305**	—
Voltas Netherlands B.V.	—	—	100	5,00,000	—	96,720
	100	**15,00,000**	100	5,00,000	**3,22,305**	96,720

The share capital comprises 15,00,000 shares of face value RO 1 each, fully paid up.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

10. BORROWINGS

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Short term loans *	**10,00,000**	5,00,000	**2,14,870**	96,720
Bank overdrafts	**5,02,615**	16,33,163	**1,07,997**	3,15,919
Loan against trust receipts	**—**	10,82,893	**—**	2,09,475
	15,02,615	32,16,056	**3,22,867**	6,22,114

*Short term loans of RO 10,00,000 (₹ 21.49 crores) [Previous year: RO 5,00,000 (₹ 9.67 crores)] are from related parties, unsecured, @ 5% and 6% (Previous year: 5%) interest per annum and repayable on demand.

Bank facilities are secured against:

(a) Corporate guarantees from erstwhile sole proprietor company of the Company and ex-member company to cover project specific facilities and additional allocation under umbrella project specific facilities to two banks.

(b) Irrevocable assignment of receivables from Company's projects financed under the umbrella project specific limits to two banks.

(c) Letter of undertaking from erstwhile sole proprietor company unconditionally and irrevocably confirming to honor bank facilities granted by a bank to the Company.

The borrowing agreements with banks contain several restrictive and financial covenants with regards to, financial updates, change in ownership, equity injection, equity infusion to reduce leverage < 4x, clean BCSB report, project specific facilities, EOT to be obtained, submission of brief profile of contract / project and assignment / award letter, financing of new projects subject to specific approval, cash flows, submission of quarterly contract progress reports, unconditionally cancel the unutilized amounts of the facilities granted at any time, routing of cash, reduction of general limits, minimum net worth, utilization of facilities, authorised contract receivables ageing to be provided every quarter, etc., going forward in the future, Voltas Group's Management control should be with a shareholding of 99% or more and any change will require prior consent from banks.

11. CONTRACT AND OTHER PAYABLES

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Contract payables *	**19,35,058**	24,27,176	**4,15,786**	4,69,513
Accruals **	**5,27,893**	7,77,983	**1,13,428**	1,50,493
Provision for expenses during defect liability period	**23,000**	—	**4,942**	—
	24,85,951	32,05,159	**5,34,156**	6,20,006

*Contract payables include RO 10,08,047 (₹ 21.66 crores) net [Previous year: RO 9,05,491 (₹ 17.52 crores) net] due to related parties, RO 77,648 (₹ 1.67 crores) [Previous year: RO 57,206 (₹1.11 crores)] due to erstwhile sole proprietor company and RO 2,528 (₹ 0.05 crore) [Previous year: RO 4,362 (₹ 0.08 crore)] due to ultimate parent company on account of trade dealings.

**Accruals include RO 1,888 (₹ 0.04 crore) [Previous year: RO 3,142 (₹ 0.06 crore)] due to erstwhile sole proprietor company and RO 2,520 (₹ 0.04 crore) due to a related party.

The movement in provision for expenses during defect liability period account is as follows:

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**—**	28,391	**—**	5,399
Provision made during the year	**23,000**	—	**4,696**	—
Expenses incurred against provision during the year	**—**	(28,391)	**—**	(5,446)
Closing balance	**23,000**	—	**4,942**	—

12. CONTRACT LIABILITIES

		As at 31-12-2021		As at 31-12-2021
	RO	RO	**₹ in '000s**	₹ in '000s
Advances from customers	**69,343**	1,18,163	**14,900**	22,857

13. REVENUE

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Contract revenue	**9,04,686**	20,07,151	**1,84,701**	3,84,993
Maintenance and facility management service revenue	**8,19,343**	3,40,932	**1,67,277**	65,394
Trading revenue	**—**	2,01,274	**—**	38,606
	17,24,029	25,49,357	**3,51,978**	4,88,993

The Company recognises revenue from the transfer of goods and services over a period of time and at a point in time in the Sultanate of Oman. The Company trades in air conditioners, undertakes electrical, heating, ventilating, air-conditioning and mechanical contracting works and provides maintenance service of the same and facility management services. The disaggregated revenue from contracts with customers is presented below. The Management believes that this best depicts the nature, amount, timing and uncertainty of the Company's revenue and cash flows.

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Timing of revenue recognition				
At a point in time	**—**	2,01,274	**—**	38,606
Over a period of time	**17,24,029**	23,48,083	**3,51,978**	4,50,387
	17,24,029	25,49,357	**3,51,978**	4,88,993

14. COST OF WORKS EXECUTED

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed and related expenses	**58,617**	6,50,567	**11,968**	1,24,785
Wages and related expenses	**7,09,002**	9,26,712	**1,44,750**	1,77,753
Depreciation on property, plant and equipment	**20,329**	37,822	**4,150**	7,255
Sub contract costs	**4,802**	2,14,728	**980**	41,187
Other direct costs	**18,497**	1,37,357	**3,776**	26,346
Total A	**8,11,247**	19,67,186	**1,65,624**	3,77,326
Maintenance and facility management service projects, trading and service costs	**7,25,196**	4,48,594	**1,48,056**	86,045
Depreciation on property, plant and equipment	**78**	—	**16**	—
Total B	**7,25,274**	4,48,594	**1,48,072**	86,045
Grand Total A+B	**15,36,521**	24,15,780	**3,13,696**	4,63,371

15. OTHER OPERATING INCOME

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Scrap sales	**53,810**	—	**10,987**	—
Cost expensed out in previous year now reversed	**—**	1,03,935	**—**	19,936
Write back of allowances for expected credit loss (net)	**15,763**	3,20,815	**3,218**	61,536
Recoveries of staff costs	**1,99,267**	96,518	**40,682**	18,513
Miscellaneous income	**40,901**	—	**8,350**	—
	3,09,741	5,21,268	**63,237**	99,985

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

16. OTHER OPERATING EXPENSES

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**8,829**	9,720	**1,803**	1,865
Repairs and maintenance	**33,904**	23,473	**6,922**	4,503
Insurance	**2,193**	2,166	**448**	416
Electricity and water	**3,224**	4,240	**658**	813
Telephones, fax and postage	**8,725**	9,216	**1,781**	1,768
Travelling and conveyance	**1,790**	732	**365**	140
Tender charges	**10,153**	4,084	**2,073**	783
Vehicle expenses	**2,978**	3,593	**608**	689
Advertisement and business promotion expenses	**750**	609	**153**	117
Legal and professional charges	**7,865**	3,062	**1,606**	587
Miscellaneous expenses	**6,279**	3,630	**1,282**	696
	86,690	64,525	**17,699**	12,377

17. FINANCE COSTS

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Interest on short term loan from related party	**25,751**	25,000	**5,258**	4,795
Guarantee commission expenses net of previous accruals reversed	**19,188**	24,153	**3,917**	4,632
Interest on bank borrowings	**1,03,012**	81,620	**21,031**	15,656
Bank charges and exchange difference	**8,346**	7,261	**1,704**	1,393
	1,56,297	1,38,034	**31,910**	26,476

18. TAXATION

(a) The accounting net profit for the year has been adjusted in respect of provisions and other disallowances for the purpose of determining the net taxable profit for the year. Taxation has not been provided in view of past accumulated tax loss incurred by the Company. The applicable tax rate is 15% (Previous year: 15%) as per the Income Tax Law in Oman. Taxation for the tax years 2019 to 2022 are subject to agreement with the Taxation Authority.

(b) The income tax expense as per the statement of comprehensive income comprises:

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the current year	**—**	—	**—**	—
Credit for the earlier year (net)	**—**	1,616	**—**	310
Income tax credit as per statements of comprehensive income	**—**	1,616	**—**	310

18. TAXATION (contd.)

(c) The reconciliation between the income tax expense on the accounting net profit and nil income tax in the statement of comprehensive income is as follows:

	RO	2021 RO	₹ in '000s	2021 ₹ in '000s
Income tax expense on accounting net profit of RO 59,765 (₹ 1.22 crores) [Previous year: tax credit on net profit of RO 3,35,444 (₹ 6.43 crores)] at applicable tax rates	**8,965**	50,317	**1,830**	9,651
Add / Less tax effect of:				
Depreciation adjustment based on depreciation rates as per Income Tax Law	**(600)**	(930)	**(122)**	(178)
Adjustments towards provisions made / reversed / write offs for income tax purpose	**3,450**	(4,409)	**704**	(846)
Expenses not considered as deductible expense for income tax purpose (net)	**150**	150	**31**	29
Allowance for expected credit losses written back not considered as taxable income for income tax purposes (net)	**(2,364)**	(48,122)	**(483)**	(9,230)
Profit on disposal of property, plant and equipment not considered as taxable income for income tax purposes	**(456)**	—	**(93)**	—
Interest expense not considered as deductible expense for income tax purposes	**3,861**	3,750	**788**	719
Previous year's brought forward income tax loss set off against current year's taxable net profit	**(13,006)**	(756)	**(2,655)**	(145)
Income tax expenses	—	—	—	—

19. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The Management considers such transactions to be in the normal course of business. Related parties comprise companies under common ownership and / or common management control and members. The balances with related parties at the period end have been separately disclosed in the financial statements.

The nature of significant related party transactions and the amounts involved are as follows:

	Erstwhile sole proprietor company RO	Ultimate parent company and sole proprietor company RO	Other Related Parties RO	Total RO	2021 Total RO	Total ₹ in '000s	2021 Total ₹ in '000s
Miscellaneous income	—	—	**53,661**	**53,661**	403	**10,955**	77
Purchases from	—	—	**16,612**	**16,612**	19,238	**3,392**	3,690
Expenses from	**19,188**	**1,644**	**97,210**	**1,18,042**	1,00,437	**24,099**	19,265
Accrual reversal	—	—	—	—	24,916	—	4,779
Recoveries of staff costs	—	—	**1,99,267**	**1,99,267**	1,50,737	**40,682**	28,913
Subcontract costs	—	—	—	—	31,188	—	5,982
Interest expense	—	—	**25,751**	**25,751**	25,000	**5,257**	4,795
Material transfer	—	—	—	—	6,246	—	1,198
Issue of share capital	**10,00,000**	—	—	**10,00,000**	—	**2,04,160**	—
Short term loan received	—	—	**5,00,000**	**5,00,000**	—	**1,02,080**	—

The Company provides funds to and receives funds from related parties as and when required as working capital facilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

20. FINANCIAL INSTRUMENTS

Management of risk

The Management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the Company, issued by reputed financial institutions.

The Company buys goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

- **CREDIT, INTEREST RATE AND EXCHANGE RATE RISK EXPOSURES**

Credit risk

Financial assets which potentially expose the Company to credit risks and concentrations of credit risk comprise principally, cash equivalents, long term deposits, contract and other receivables and contract assets. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets net of allowance.

The Company's bank current and smart card accounts are placed with reputed financial institutions. The Management assesses the credit risk arising from contract and other receivables, long term deposits, contract assets and cash equivalents taking into account their financial position/results, past experience and other factors. As at year end, 79.70% (Previous year: 74.66%) of contract receivables, contract retentions and amounts due from customers for contract works are due from two (Previous year: two) contract debtors.

Credit risk exposures

(i) Total contract values considered as per cost to completion exercise includes positive variations of RO 9,44,184 (₹ 20.29 crores) [Previous year: RO 7,79,024 (₹ 15.07 crores)] that includes RO 9,33,809 (₹ 20.06 crores) [Previous year: RO 7,61,368 (₹ 14.73 crores)] over one year and negative variations of RO 5,59,184 (₹ 12.02 crores) [Previous year: RO 5,59,184 (₹ 10.82 crores)] which are over one year old, that are pending for approval from the main contractor. These variations include total positive variations of RO 9,44,184 (₹ 20.29 crores) and total negative variations of RO 5,04,184 (₹ 10.83 crores) are due to re-measurement of contract works and are part of the main re-measureable contract which will get certified progressively and upon completion of the contract. Above variations are considered based on, work quantified in engineers' instructions from main contractor and amounts certified by Company's Management for which the Company is confident that the same will be certified in due course by main contractor.

(ii) Contract receivables includes certified receivable of RO 15,000 (₹ 0.32 crore) [Previous year: RO 15,000 (₹ 0.29 crore)] which is over 9 years old. However, an amount of RO 10,500 (₹ 0.22 crore) is payable to the same customer. Hence net exposure remains at RO 4,500 (₹ 0.10 crore). Against this net exposure of RO 4,500 (₹ 0.10 crore) an allowance for ECL of RO 1,919 (₹ 0.04 crore) is provided in the books.

(iii) The Company has accrued income of RO 2,55,010 (₹ 5.48 crores) [Previous year: RO 28,081 (₹ 0.54 crore)] which is uncertified as of the year end that includes RO 2,23,602 (₹ 4.80 crores) [Previous year: RO 16,125 (₹ 0.31 crore)] which has not been billed to the customer or recovered subsequently. Company's Management is confident that the said accrued income will be certified in due course by the client and will be recovered and accordingly, no allowance for expected credit losses against accrued income has been made as at 31st December, 2022.

There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors from a particular industry or to debtors outside the country in which the Company operates.

- **INTEREST RATE RISK**

Short term loans from a related parties are @ 5% and 6% (Previous year 5%) interest per annum. Bank current, overdraft and other borrowings are at floating rates at levels which are generally obtained in Sultanate of Oman and are therefore exposed to cash flow interest rate risk. There are no other significant interest rate risks as other financial assets and financial liabilities are non-interest bearing.

20. FINANCIAL INSTRUMENTS (contd.)

- **EXCHANGE RATE RISK**

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Rials Omani or UAE Dirhams / US Dollars to which the Rial Omani is fixed except for the following:

Contract payables	**Currency**		2021		2021
		RO	RO	**₹ in '000s**	₹ in '000s
Erstwhile sole proprietor company	Euros	**79,536**	57,206	**17,090**	11,066
Related party	Qatari Rials	**74,765**	90,943	**16,065**	17,592
Ultimate parent company	Indian Rupee	**2,528**	—	**543**	—

- **Fair Values**

The 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 values of cash equivalents, contract and other receivables, long term deposits, contract assets, bank borrowings, contract and other payables, current tax payable and contract liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- **Liquidity Risk**

The Company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as and when they fall due for payment. The maturity analysis of the Company's financial liabilities as at the year end is given below:

	Less than 3 months RO	**3 to 12 months RO**	**Above 1 year RO**	**Total RO**	**Total ₹ in '000s**
As at 31st December, 2022					
Staff end-of-service gratuity	—	—	**1,08,331**	**1,08,331**	**23,277**
Borrowings	**5,02,615**	**10,00,000**	—	**15,02,615**	**3,22,867**
Contract and other payables	**24,85,951**	—	—	**24,85,951**	**5,34,156**
Contract liabilities	**69,343**	—	—	**69,343**	**14,900**
Current tax payable	**1**	—	—	**1**	—
	30,57,910	**10,00,000**	**1,08,331**	**41,66,241**	**8,95,200**
As at 31st December, 2021					
Staff end-of-service gratuity	—	—	1,20,223	1,20,223	23,256
Borrowings	27,16,056	5,00,000	—	32,16,056	6,22,114
Contract and other payables	32,05,159	—	—	32,05,159	6,20,006
Contract liabilities	35,240	—	—	35,240	6,817
Current tax payable	1	—	—	1	—
	59,56,456	5,00,000	1,20,223	65,76,679	12,72,193

21. CONTINGENT LIABILITIES

		2021		2021
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's Letter of guarantee	**11,93,270**	13,06,895	**2,56,398**	2,52,806
Banker's Letters of credit	—	2,74,008	—	53,004
	11,93,270	15,80,903	**2,56,398**	3,05,810

Bank facilities are secured against securities and several restrictive and financial covenants mentioned in Note number 10 to these financial statements.

22. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to ensure that the Company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

Directors **Jitender Pal Verma**

Muscat, 16th March, 2023 **A. R. Suresh Kumar**

VOLTAS QATAR W.L.L.

Directors:

Jitender Pal Verma

A. R. Suresh Kumar

Manish Desai

Dhulipala Srinivas Murthy

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Eleventh Annual Report and Accounts for the year ended 31st December, 2022.

2. The Company has reported lower turnover of Qatari Riyals (QR) 135.418 million for the year ended 31st December, 2022, as compared to QR 291.158 million last year. During the year, the Main Contractor for one of the project executed by the Company in 50:50 Joint Venture (VAFE JV) with a local party unilaterally encashed the performance bank guarantee aggregating QR 57.840 million. As a sequel to this, the Company had made provision for its 50% share towards the encashed performance bank guarantee amount and retention money receivable for this project. Accordingly, the Company reported loss of QR 81.716 million for the year under review as compared to net profit of QR 29.310 in the previous year.

3. The Company has booked orders worth QR 198.377 million during the year under review and the overall order book position as at 31st December, 2022 was QR 276.367 million.

4. The Directors do not recommend any dividend for the year ended 31st December, 2022 (Previous year: QR 10 million).

5. M/s. Deloitte & Touche, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors

A. R. Suresh Kumar
Dhulipala Srinivas Murthy

Doha, 13th February, 2023 *Directors*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VOLTAS QATAR W.L.L.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Voltas Qatar W.L.L.** ("the Company"), which comprise the statement of financial position as at 31st December, 2022, 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 present fairly, in all material respects, the financial position of the Company as at 31st December, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs)

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the State of Qatar, 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.

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 IFRS and the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Association, 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 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 ISA's, 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We are also in the opinion that proper books of account were maintained by the Company.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Associations were committed during the year which would materially affect the Company's activities or its financial position.

For **Deloitte & Touche**
Qatar Branch

Midhat Salha
Partner
License No. 257

Doha, 16th February, 2023

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	Notes	QR	As at 31-12-2021 QR	₹ in '000s	As at 31-12-2021 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and bank balances	5	**12,73,647**	2,62,82,666	**28,836**	5,37,481
Accounts receivable	6	**11,01,61,343**	13,40,63,476	**24,94,053**	27,41,598
Retentions receivable	7	**2,85,83,810**	4,12,28,888	**6,47,137**	8,43,131
Contract assets	8(a)	**6,01,11,235**	6,52,28,230	**13,60,918**	13,33,917
Due from related parties	13(a)	**81,181**	—	**1,838**	—
Prepayments and other assets		**1,73,755**	1,36,565	**3,934**	2,793
Deferred tax	20(c)	**49,24,425**	49,87,963	**1,11,489**	1,02,004
Advances and other receivables		**35,86,148**	12,32,281	**81,190**	25,200
Total Current Assets		**20,88,95,544**	27,31,60,069	**47,29,395**	55,86,124
NON-CURRENT ASSETS					
Retentions receivable	7	**2,85,83,810**	4,12,28,888	**6,47,137**	8,43,131
Property and equipment	9	**6,98,096**	7,55,500	**15,805**	15,450
Intangible assets	10	**46,028**	52,408	**1,042**	1,072
Right-of-use assets		**7,887**	1,09,928	**179**	2,248
Contract assets	8(a)	**34,11,978**	35,86,633	**77,247**	73,347
Total non-current assets		**3,27,47,799**	4,57,33,357	**7,41,410**	9,35,248
Total assets		**24,16,43,343**	31,88,93,426	**54,70,805**	65,21,372
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Bank loans	11	**12,23,39,696**	9,38,36,846	**27,69,771**	19,18,964
Trade and other payables	12	**7,34,27,692**	7,48,29,236	**16,62,403**	15,30,258
Advances from customers		**1,96,89,486**	3,17,63,795	**4,45,770**	6,49,570
Contract liabilities	8(b)	**54,11,086**	59,51,426	**1,22,507**	1,21,707
Due to related parties	13(b)	**1,18,98,909**	84,16,699	**2,69,391**	1,72,121
Provision for anticipated losses		**2,18,840**	2,18,840	**4,955**	4,475
Lease liability		**8,696**	96,791	**197**	1,979
Income tax payable	20(a)	—	69,95,213	—	1,43,052
Total Current Liabilities		**23,29,94,405**	22,21,08,846	**52,74,994**	45,42,126
NON-CURRENT LIABILITIES					
Lease liability		—	21,738	**—**	445
Employees' end-of-service benefits	14	**66,80,888**	30,78,567	**1,51,254**	62,957
Total non-current liabilities		**66,80,888**	31,00,305	**1,51,254**	63,402
Total Liabilities		**23,96,75,293**	22,52,09,151	**54,26,248**	46,05,528
EQUITY					
Share capital	1	**10,00,000**	10,00,000	**22,640**	20,450
Legal reserve	15	**5,00,000**	5,00,000	**11,320**	10,226
Retained earnings		**4,68,050**	9,21,84,275	**10,597**	18,85,168
Total equity		**19,68,050**	9,36,84,275	**44,557**	19,15,844
Total liabilities and equity		**24,16,43,343**	31,88,93,426	**54,70,805**	65,21,372

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

Note : The Statement of Financial Position has been converted into Indian Rupees @ 1 Qatari Riyal (QR) = ₹ 22.64, being the exchange rate prevailing as on 31st December, 2022. Previous year figures have been converted @ 1 QR = ₹ 20.45, being the exchange rate prevailing as on 31st December, 2021.

Directors **A. R. Suresh Kumar**

Doha, 13th February, 2023 **Dhulipala Srinivas Murthy**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Notes	QR	2021 QR	₹ in '000s	2021 ₹ in '000s
REVENUE	16	**13,54,17,729**	29,11,58,702	**29,18,252**	59,07,610
Cost of services and other direct costs	17	**(13,25,47,058)**	(23,27,79,162)	**(28,56,389)**	(47,23,089)
GROSS PROFIT		**28,70,671**	5,83,79,540	**61,863**	11,84,521
Other Income	18	**32,41,715**	1,80,31,737	**69,859**	3,65,864
General and administrative expenses	19	**(8,22,60,652)**	(3,85,93,421)	**(17,72,717)**	(7,83,061)
Finance costs		**(55,79,775)**	(42,30,036)	**(1,20,244)**	(85,827)
(LOSS) / PROFIT BEFORE INCOME TAX		**(8,17,28,041)**	3,35,87,820	**(17,61,239)**	6,81,497
Income tax benefit / (expense)	20(b)	**11,816**	(42,78,230)	**255**	(86,805)
(LOSS) / PROFIT FOR THE YEAR		**(8,17,16,225)**	2,93,09,590	**(17,60,984)**	5,94,692
Other comprehensive income		—	—	—	—
Total comprehensive (loss) / income for the year		**(8,17,16,225)**	2,93,09,590	**(17,60,984)**	5,94,692

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

Note: The Statement of Profit or Loss has been converted into Indian Rupees @ 1 QR = ₹ 21.55, being the average of the exchange rates prevailing as on 31st December, 2021 (1 QR = ₹ 20.45) and as on 31st December, 2022 (1 QR = ₹ 22.64). Previous year figures have been converted into Indian Rupees @ 1 QR = ₹ 20.29, being the average of the exchange rates prevailing as on 31st December, 2020 (1 QR = ₹ 20.12) and as on 31st December, 2021 (1 QR = ₹ 20.45).

Directors **A. R. Suresh Kumar**

Doha, 13th February, 2023 **Dhulipala Srinivas Murthy**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2022

	Share capital		**Legal reserve**		**Retained earnings**		**Total**	
	QR	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**
Balance at 1st January, 2021	10,00,000	20,120	5,00,000	10,060	6,28,74,685	12,65,038	6,43,74,685	12,95,218
Total comprehensive income for the year	—	—	—	—	2,93,09,590	5,94,692	2,93,09,590	5,94,692
Balance at 31st December, 2021	10,00,000	20,450	5,00,000	10,226	9,21,84,275	18,85,168	9,36,84,275	19,15,844
Total comprehensive income for the year	—	—	—	—	(8,17,16,225)	(17,60,984)	(8,17,16,225)	(17,60,984)
Dividends distribution	—	—	—	—	(1,00,00,000)	(2,02,900)	(1,00,00,000)	(2,02,900)
Balance at 31st December, 2022	**10,00,000**	**22,640**	**5,00,000**	**11,320**	**4,68,050**	**10,597**	**19,68,050**	**44,557**

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

During the year, dividends amounting to QR 10 million (₹ 20.29 crores) pertaining to profits of 2021 were declared and paid. These were approved by Shareholders at the Annual General Meeting dated 19th April, 2022.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2022

	QR	2021 QR	₹ in '000s	2021 ₹ in '000s
OPERATING ACITIVITIES				
(Loss) / profit before income tax	**(8,17,28,041)**	3,35,87,820	**(17,61,239)**	6,81,497
Adjustments for:				
Depreciation of property and equipment	**3,53,888**	3,22,228	**7,626**	6,538
Amortisation of intangible assets	**6,380**	6,155	**137**	125
Amortisation of right-of-use assets	**1,02,041**	1,25,776	**2,199**	2,552
Profit on sale of property and equipment	—	(16,496)	—	(335)
Provisions for employees' end-of-service benefits	**27,31,512**	7,04,462	**58,864**	14,294
Provision for loss allowance – contract assets	—	35,97,060	—	72,984
Provision for loss allowance – accounts receivable	**4,79,63,730**	1,37,198	**10,33,618**	2,784
Provision for loss allowance – retentions receivable	**3,13,09,606**	2,93,15,228	**6,74,722**	5,94,806
Finance cost	**55,79,775**	42,30,036	**1,20,244**	85,827
Interest on lease liabilities	**6,579**	17,243	**142**	350
	63,25,470	7,20,26,710	**1,36,313**	14,61,422
Movement in working capital:				
Accounts receivable	**(2,40,61,597)**	(12,05,03,086)	**(8,50,812)**	(24,70,640)
Contract assets	**52,91,650**	13,10,55,439	**(56,090)**	26,10,331
Retentions receivable	**(60,19,450)**	(3,94,93,735)	**(3,89,608)**	(8,32,787)
Prepayments and other assets	**(37,190)**	8,154	**(1,141)**	119
Advances and other receivables	**(23,53,867)**	2,21,86,220	**(55,990)**	4,45,980
Trade and other payables	**(14,01,544)**	(9,69,57,038)	**1,32,145**	(19,26,082)
Advances from customers	**(1,20,74,309)**	(6,10,77,892)	**(2,03,800)**	(12,18,405)
Contract liabilities	**(5,40,340)**	(13,60,955)	**800**	(25,418)
Due from / to related parties	**47,27,945**	(81,45,975)	**1,25,586**	(1,61,102)
Cash used in operations	**(3,01,43,232)**	(10,22,62,158)	**(6,82,443)**	(20,91,261)
Employees' end-of-service benefits paid	**(4,56,107)**	(3,50,624)	**(9,829)**	(7,114)
Income tax paid	**(69,19,859)**	(28,66,437)	**(1,49,123)**	(58,160)
Finance cost paid	**(55,79,775)**	(42,30,036)	**(1,20,244)**	(85,827)
Reversal of provision for anticipated losses	**—**	(88,808)	**—**	(1,802)
Repayment of interest portion of lease liabilities	**(6,579)**	(17,243)	**(142)**	(350)
Net cash used in operations	**(4,31,05,552)**	(10,98,15,306)	**(9,75,910)**	(22,45,723)
INVESTING ACTIVITIES				
Additions to property and equipment	**(2,96,484)**	(1,05,419)	**(6,389)**	(2,139)
Addition to intangible assets	—	(4,140)	—	(84)
Proceeds from disposal of property and equipment	—	29,071	—	590
Net cash used in investing activities	**(2,96,484)**	(80,488)	**(6,712)**	(1,646)
FINANCING ACITIVITIES				
Net movement in bank loans	**2,85,02,850**	9,38,36,846	**8,50,807**	19,18,964
Dividends paid to partners	**(1,00,00,000)**	—	**(2,02,900)**	—
Repayment of principal portion of lease liabilities	**(1,09,833)**	(1,19,713)	**(2,367)**	(2,429)
Net cash generated from financing activities	**1,83,93,017**	9,37,17,133	**4,16,418**	19,16,515
Net decrease in cash and cash equivalents	**(2,50,09,019)**	(1,61,78,661)	**(5,08,645)**	(3,16,841)
Cash and cash equivalents at the beginning of the year	**2,62,82,666**	4,24,61,327	**5,37,481**	8,54,322
Cash and cash equivalents at the end of the year (Note 5)	**12,73,647**	2,62,82,666	**28,836**	5,37,481

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022

1. GENERAL INFORMATION

Voltas Qatar W.L.L. ("the Company") is registered in the State of Qatar as a Limited Liability Company under Commercial Registration No. 55065. The Company's equity and profit share are presented as follows::

Name	Profit distribution %	Ownership %	Amount QR	Amount ₹ in '000s
Architectural Fusion Trading Contracting	2.25%	51%	5,10,000	11,546
Voltas Netherlands B.V.	97.75%	49%	4,90,000	11,094
	100%	**100%**	**10,00,000**	**22,640**

The Company is engaged in the business of mechanical, electrical and plumbing works, procurement of building construction, importing and exporting all kinds of building materials and equipment for use in mechanical and electrical works, design and development of all kinds of electrical and mechanical projects including the assembly and installation phases.

The address of the Company's registered office is P.O. Box 24706, Doha, Qatar.

The Company's current liabilities exceeded the current assets by QR 24 million (₹ 54.34 crores), the accompanying Financial Statements have been prepared on a going concern basis, as the shareholders have committed to provide continuing support for the Company to meet its financial obligations as they fall due.

In August 2014, the Company and Hamad & Mohamad Al Futtaim ("HMAF") have agreed to form an unincorporated joint arrangement (the "Joint Arrangement") to jointly execute the construction and design and development of the MEP services for the Doha Festival City Retail Mall in Doha, Qatar. Moreover, during 2016, the joint arrangement also agreed to execute the construction and design and development of the MEP services for the Vendome Mall in Doha, Qatar. The joint arrangement is regarded as joint operation for the purpose of preparing these Financial Statements.

These Financial Statements represent the assets, liabilities and results of operations of the Company including its proportionate share in the Joint Arrangement.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee ("IFRIC") interpretations effective as on 1st January, 2022:

2.1 New and amended IFRS Standards and interpretations that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1st January, 2022, have been adopted in these financial statements.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 – Reference to the Conceptual Framework In May 2020, the IASB issued amendments to update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1st January, 2022. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in business combination.	1st January, 2022

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (contd.)

<table>
<tr><th>New and revised IFRSs</th><th>Effective for annual periods beginning on or after</th></tr>
<tr><td>Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Company measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statutory statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statutory statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Company first applies the amendments.

The Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.</td><td>1st January, 2022</td></tr>
<tr><td>Amendments to IAS 37 Onerous Contract - Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and 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 are not restated.

Instead, the Company shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</td><td>1st January, 2022</td></tr>
<tr><td>Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards-Subsidiary as a first-time adopter

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).</td><td>1st January, 2022</td></tr>
</table>

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.1 New and amended IFRS Standards and interpretations that are effective for the current year (contd.)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for de-recognition on financial liabilities The amendment clarifies that in applying the '10 per cent' test to assess whether to de-recognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date first applies the amendment. *IFRS 16 Leases* The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated. *IAS 41 Agriculture* The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	

2.2 New and amended IFRSs in issue but not yet effective and not early adopted

The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendment to IFRS 17) IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1st January, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1st January, 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	1st January, 2023

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (contd.)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	Available for optional adoption / effective date deferred immediately
Amendments to IAS 1 – Presentation of Financial Statements Classification of Liabilities as Current or Non-current The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current. An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The 2022 amendments deferred the effective date of the amendments to *IAS 1 Classification of Liabilities as Current or Non-current* published in January 2020 by one year to annual reporting periods beginning on or after 1st January, 2024. The amendments are applied retrospectively. *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies* The IASB has amended IAS 1 require entities to disclose its "material accounting policies" instead of its 'significant accounting policies' with 'material accounting policy information'. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are also added. To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.	1st January, 2023. Early application permitted
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Accounting Estimates The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty-that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves use of judgements or assumptions based on the latest available, reliable information.	1st January, 2023. Early application permitted

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (contd.)

2.2 New and amended IFRSs in issue but not yet effective and not early adopted (contd.)

New and revised IFRSs	Effective for annual periods beginning on or after
The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications: ● A change in accounting estimate that results from new information or new developments is not the correction of an error. ● The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The IASB has added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.	1st January, 2023. Early application permitted
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises: ● A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: - Right-of-use assets and lease liabilities - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset. ● The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.	1st January, 2023. Early application permitted
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions. The amendments requires a seller-lessee to subsequently measure lease liabilities by determining "lease payments" and "revised lease payments" 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. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirement in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.	1st January, 2024. Early application permitted

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and the applicable provisions of Qatar Commercial Companies' Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021.

(b) Basis of preparation

These financial statements are prepared under the historical cost convention. These financial statements are presented in Qatari Riyal (QR), which is the Company's functional and presentation currency.

(c) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

(d) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition of the asset. 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 immediately de-recognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial year in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimates accounted for on prospective basis.

Following are the rates of depreciation used based on the estimated useful lives of the related assets:

Porta cabins	15%
Machinery	15%
Computers and office equipment	33.33%
Vehicles	20%

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

(e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. A gain or loss arising from de-recognition of an intangible asset, is measured as the difference between the net disposal proceeds and the carrying amount of the asset, and recognised in the statement of profit or loss and other comprehensive income when the asset is de-recognised.

(f) Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its tangible and definite life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and after comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

Impairment of financial assets

The Company recognises a loss allowance for Expected Credit Losses (ECL) on trade receivables, other receivables and amounts due from related parties. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due from related parties. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in the statement of profit or loss.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that a have detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of Expected Credit Losses (ECL)

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all cash flows that the Company expects to receive, discounted at the original effective interest rate.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risk and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on de-recognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is classified to profit or loss. In contrast, on de-recognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(i) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and the payable is recognised in the statement of profit or loss and other comprehensive income.

(j) 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 the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimate to settle the present obligation, its carrying amount is the present value of those cash flows.

(k) Employees' end-of-service benefits

A provision is made for employees' end-of-service benefits which is payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salary and accumulated period of service as at the reporting date.

(l) Revenue recognition

The Company recognises revenue primarily from contracting activities. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with the customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

Contracting revenues

Contracting revenues are under long-term contracts with customers. Such contracts are entered before construction begins. Under the terms of the contracts, the Company has an enforceable right to payment for work done. Contract revenues are therefore recognised over time on a cost-to-cost method, i.e., based on the proportion of contract costs incurred for work performed to date relative the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Contract assets and liabilities

The Company has determined that contract assets and liabilities are to be recognised at the performance obligation level and not at the contract level and both contract assets and liabilities are to be presented separately in the financial statements. The Company classifies its contract assets and liabilities as current and non-current based on the timing and pattern of flow of economic benefits.

Interest income

Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(m) Leases

The Company as lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, IFRS 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.

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit 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 liability for current tax is calculated using tax provisions as prescribed by the current applicable Qatar Income Tax Law.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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.

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 realised, based on tax rates and laws prescribed by the current applicable Qatar Income Tax Law. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(o) Foreign exchange difference

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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 value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the statement of profit or loss and other comprehensive income in the period in which they arise except as otherwise stated in the Standards.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Management considers recognising revenue over time, if one of the following criteria is met, otherwise revenue will be recognised at a point of time:

(a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

(b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (contd.)

Contract variations

Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customers in making their judgement.

Contract claims

Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgement related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

Judgements in determining the timing of satisfaction of performance obligations

The Company generally recognise revenue over time as it performs continuous transfer of control of goods or services to the customers. Because customers simultaneously receives and consumes the benefits provided and the control transfer takes place over time, revenue is also recognised based on the extent of transfer / completion of transfer of each performance obligation. In determining the method for measuring progress for these POs, we have considered the nature of these goods and services as well as the nature of its performance.

For performance obligations satisfied at a point in time, the Company considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

Joint arrangement classification

IFRS 11 requires management to classify joint arrangements entered as either Joint Venture or Joint Operation based on the legal and factual circumstances surrounding the particular arrangement. In doing so, management assessed and analysed the terms of the joint arrangements and classified each as follows:

Joint arrangement	**Classification**	**Accounting treatment**
Voltas Qatar W.L.L. and Hamad & Mohamad Al Futtaim	Joint operation	Share of assets, liabilities, revenues and expenses

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test (please see financial assets sections of Note 3). The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are de-recognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (contd.)

Judgement in identifying whether a contract includes a lease

The Management has assessed whether or not the Company has contracted for the rights to substantially all of the economic benefits from the use of the assets and whether the contract which contains a lease. As a result the Company has concluded that the contract does contain a lease.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(b) Estimates

The key assumptions concerning the future, and other sources of estimation uncertainty at the financial position 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:

Percentage-of-completion

The Company uses the input method to recognise revenue on the basis of entity's efforts or inputs to the satisfaction of a performance obligation in accounting for its construction contracts. This is done by measuring the costs incurred to date relative to the total expected costs to be incurred (forecast final costs).

At each reporting date, the Company is required to estimate stage of completion and costs to complete on its construction contracts. These estimates require the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the year in which the estimates are revised. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts. The Company uses its commercial teams together with project managers to estimate the costs to complete of construction contracts. Factors such as delays in expected completion date, changes in the scope of work, changes in material prices, increase in labour and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

Cost to complete

The Company's management estimates the costs to complete for each project for the purpose of revenue recognition and recognition of anticipated losses on projects, if any. In the process of calculating the cost to complete, management conducts regular and systematic reviews of actual results and future projections with comparison against budget. This process requires monitoring controls including financial and operational controls and identifying major risks facing the Company and developing and implementing initiatives to manage those risks. The Company's management is confident that the costs to complete the project are fairly estimated.

Contract variations

Contract variations are recognised as revenue to the extent that it is probable that they will result in revenue which can be reliably measured, which requires the exercise of judgement by Management based on prior experience, application of contract terms and relationship with the contract owners.

As of the reporting date, Management has recorded revenue from variations amounting to QR 46,48,501 (₹ 10.02 crores) in compliance with the Company's policy with regard to scope changes. Management is currently in negotiation with the contractor and client for approving the remaining variations and is confident that these variations will be approved progressively. All these variations are included in the total contract value for revenue computation.

Useful lives of plant and equipment and intangible assets

The costs of plant and equipment and intangible assets are depreciated over the estimated useful life of the project, which is based on expected usage of the assets, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. Management has not considered any residual value as it is deemed immaterial.

Impairment of tangible and intangible assets

The Company's management evaluates whether there are indications that tangible and intangible assets have suffered impairment in accordance with accounting policies stated in Note 3. Management confirms that no such indications existed as at the reporting date.

Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Company uses estimates for the computation of loss rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (contd.)

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Discounting of lease payments

The lease payments are discounted using the Company's Incremental Borrowing Rate ("IBR"). Management has applied judgements and estimates to determine the IBR at the commencement of lease.

5. CASH AND BANK BALANCES

Cash and bank balances at the end of financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Cash on hand	**1,02,374**	1,07,270	**2,318**	2,194
Bank balance - current account	**11,71,273**	2,36,75,396	**26,518**	4,84,162
Term deposit	—	25,00,000	—	51,125
	12,73,647	2,62,82,666	**28,836**	5,37,481

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

6. ACCOUNTS RECEIVABLE

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Accounts Receivable	**16,38,13,860**	13,97,52,263	**37,08,746**	28,57,934
Loss allowance	**(5,36,52,517)**	(56,88,787)	**(12,14,693)**	(1,16,336)
	11,01,61,343	13,40,63,476	**24,94,053**	27,41,598

This amount includes receivable from customer on account of encashment of bank guarantee amounting to QR 2,89,20,000 (₹ 65.47 crores) [gross amount of QR 5,78,40,000 (₹ 130.95 crores) for which Company has recorded its 50% share of JV] against which Company has provided 100% provision.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECL using the simplified approach. The ECL on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Based on the assessment made by the Management, the allowance for ECL as at the year end is QR 5,36,52,517 (₹ 121.47 crores) [as at 31st December, 2021: QR 56,88,787 (₹ 11.63 crores)].

The average credit period is 60 days. No interest is charged on the overdue receivables.

As at 31st December, 2022, 88% of the gross receivable is due from 2 customers.

6. ACCOUNTS RECEIVABLE (contd.)

The loss allowance as at 31st December, 2022 and 31st December, 2021 was determined for accounts receivable as follows:

31st December, 2022	**Less than 60 days**	**61 - 360 days**	**Over 360 days**	**Total**	**Total**
	QR	**QR**	**QR**	**QR**	**₹ in '000s**
Expected Credit Loss rate	**39%**	—	**90%**	—	—
Estimated total gross carrying amount at default	**7,32,33,808**	**6,53,85,937**	**2,51,94,115**	**16,38,13,860**	**37,08,746**
Lifetime ECL	**(2,89,20,000)**	—	**(2,47,32,517)**	**(5,36,52,517)**	**(12,14,693)**
				11,01,61,343	**24,94,053**

31st December, 2021	Less than 60 days	61 - 360 days	Over 360 days	Total	Total
	QR	QR	QR	QR	₹ in '000s
Expected Credit Loss rate	—	—	86%	—	—
Estimated total gross carrying amount at default	4,66,24,256	8,64,75,637	66,52,370	13,97,52,263	28,57,934
Lifetime ECL	—	—	(56,88,787)	(56,88,787)	(1,16,336)
				13,40,63,476	27,41,598

Movement in loss allowance

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Balance 1st January	**56,88,787**	55,51,589	**1,16,336**	1,11,698
Loss allowance during the year	**4,79,63,730**	1,37,198	**10,33,618**	2,784
Balance as at 31st December	**5,36,52,517**	56,88,787	**12,14,693**	1,16,336

7. RETENTIONS RECEIVABLE

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Retentions receivable	**12,16,94,383**	11,56,74,933	**27,55,160**	23,65,552
Less - Loss allowance	**(6,45,26,763)**	(3,32,17,157)	**(14,60,886)**	(6,79,290)
	5,71,67,620	8,24,57,776	**12,94,274**	16,86,262
Analysed as:				
Short term	**2,85,83,810**	4,12,28,888	**6,47,137**	8,43,131
Long term	**2,85,83,810**	4,12,28,888	**6,47,137**	8,43,131
	5,71,67,620	8,24,57,776	**12,94,274**	16,86,262

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

7. RETENTIONS RECEIVABLE (contd.)

The loss allowance as at 31st December, 2022 and 31st December, 2021 was determined for retention receivable as follows:

31st December, 2022	**Not due**	**Overdue**	**Total**	**Total**
	QR	**QR**	**QR**	**₹ in '000s**
Expected Credit Loss rate	—	**100%**	—	—
Estimated total gross carrying amount at default	**5,71,67,620**	**6,45,26,763**	**12,16,94,383**	**27,55,160**
Lifetime ECL	**—**	**(6,45,26,763)**	**6,45,26,763)**	**(14,60,886)**
	5,71,67,620	**—**	**5,71,67,620**	**12,94,274**

31st December, 2021	Not due	Overdue	Total	Total
	QR	QR	QR	₹ in '000s
Expected Credit Loss rate	—	100%	—	—
Estimated total gross carrying amount at default	8,24,57,776	3,32,17,157	11,56,74,933	23,65,552
Lifetime ECL	—	(3,32,17,157)	(3,32,17,157)	(6,79,290)
	8,24,57,776	—	8,24,57,776	16,86,262

Movement in loss allowance:

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Balance 1st January	**3,32,17,157**	39,01,926	**6,79,290**	78,507
Loss allowance during the year	**3,13,09,606**	2,93,15,231	**6,74,722**	5,94,806
Balance as at 31st December	**6,45,26,763**	3,32,17,157	**14,60,886**	6,79,290

Retentions receivable represent amounts retained by the customers ranging from 5% to 10% of billings and are collectible upon completion of the contracts.

The Company measures the loss allowance for retention receivables at an amount equal to lifetime ECL using the simplified approach. The ECL on retentions receivable are estimated in reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off a retention receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, and when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In determining the recoverability of a retention receivables, the Company considers any change in the credit quality of the retention receivables from the date the amount was initially withheld from invoices up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

8.A. CONTRACT ASSETS

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Cost plus attributable profits less losses, if any	**1,04,33,91,455**	1,27,91,41,502	**2,36,22,382**	2,61,58,444
Less: Progress billings	**(96,84,69,915)**	(1,19,88,25,163)	**(2,19,26,159)**	(2,45,15,975)
	7,49,21,540	8,03,16,339	**16,96,223**	16,42,469
Loss allowance	**(1,13,98,327)**	(1,15,01,476)	**(2,58,058)**	(2,35,205)
	6,35,23,213	6,88,14,863	**14,38,165**	14,07,264
Classified as:				
Short term	**6,01,11,235**	6,52,28,230	**13,60,918**	13,33,917
Long term	**34,11,978**	35,86,633	**77,247**	73,347
Total	**6,35,23,213**	6,88,14,863	**14,38,165**	14,07,264

Set out is the movement in the allowance for expected credit losses of contract assets:

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Balance as at 1st January	**1,15,01,476**	79,04,416	**2,35,205**	1,59,037
Reversals	**(1,03,149)**	—	**(2,223)**	—
Loss allowance for the year	—	35,97,060	—	72,984
Balance as at 31st December	**1,13,98,327**	1,15,01,476	**2,58,058**	2,35,205

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Company receives payments from customers in line with a series of performance – related milestones. The Company will previously have recognised a contract assets for any work performed. Any amount previously recognised as a contract assets is reclassified to trade receivables at the point at which it is invoiced to the customer.

8.B. CONTRACT LIABILITIES

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Value of work performed	**34,18,97,888**	32,56,83,045	**77,40,568**	66,60,218
Less: Progress billings	**(34,73,08,974)**	(33,16,34,471)	**(78,63,075)**	(67,81,925)
	(54,11,086)	(59,51,426)	**(1,22,507)**	(1,21,707)

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

9. PROPERTY AND EQUIPMENT

	Porta Cabins		Machinery		Computers and office equipment		Vehicles		Total	
	QR	₹ in '000s	QR	₹ in '000s	QR	₹ in '000s	QR	₹ in '000s	QR	₹ in '000s
Costs										
At 1st January, 2021	1,56,350	3,146	7,70,338	15,499	14,25,164	28,674	2,38,961	4,808	25,90,813	52,127
Additions during the year	—	—	5,500	112	99,919	2,027	—	—	1,05,419	2,139
Disposals during the year	(57,050)	(1,158)	—	—	(23,560)	(478)	—	—	(80,610)	(1,636)
At 31st December, 2021	99,300	2,031	7,75,838	15,866	15,01,523	30,705	2,38,961	4,887	26,15,622	53,489
Additions during the year	1,39,300	3,002	28,350	611	1,28,835	2,776	—	—	2,96,485	6,389
At 31st December, 2022	**2,38,600**	**5,402**	**8,04,188**	**18,207**	**16,30,358**	**36,911**	**2,38,961**	**5,410**	**29,12,107**	**65,930**
Accumulated depreciation										
At 1st January, 2021	85,357	1,717	7,13,889	14,363	5,67,722	11,423	2,38,961	4,808	16,05,929	32,311
Charge for the year	26,346	534	16,491	335	2,79,391	5,669	—	—	3,22,228	6,538
Disposals during the year	(54,198)	(1,100)	—	—	(13,837)	(281)	—	—	(68,035)	(1,381)
At 31st December, 2021	57,505	1,176	7,30,380	14,936	8,33,276	17,040	2,38,961	4,887	18,60,122	38,039
Charge for the year	54,994	1,185	7,342	158	2,91,553	6,283	—	—	3,53,889	7,626
At 31st December, 2022	**1,12,499**	**2,547**	**7,37,722**	**16,702**	**11,24,829**	**25,466**	**2,38,961**	**5,410**	**22,14,011**	**50,125**
Carrying value										
At 31st December, 2022	**1,26,101**	**2,855**	**66,466**	**1,505**	**5,05,529**	**11,445**	**—**	**—**	**6,98,096**	**15,805**
At 31st December, 2021	41,795	855	45,458	930	6,68,247	13,665	—	—	7,55,500	15,450

10. INTANGIBLE ASSETS

		As at 31-12-2021		As at 31-12-2021
Software	**QR**	QR	**₹ in '000s**	₹ in '000s
Cost				
At 1st January	**6,75,028**	6,70,888	**13,805**	13,498
Additions during the year	**—**	4,140	**—**	84
At 31st December	**6,75,028**	6,75,028	**15,283**	13,805
Accumulated amortisation				
At 1st January	**6,22,620**	6,16,465	**12,733**	12,403
Charge for the year	**6,380**	6,155	**137**	125
At 31st December	**6,29,000**	6,22,620	**14,241**	12,733
Carrying value				
At 31st December	**46,028**	52,408	**1,042**	1,072

Amortisation of intangible assets is calculated using the straight-line method over the term of the project.

11. BANK LOANS

This represents short-term facilities from local bank at an interest rate of QLMR + 2 % (2021: QLMR + 2 %) per annum, rolled over every year. No collateral or liens are existing against these facilities.

12. TRADE AND OTHER PAYABLES

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Trade payables	**2,77,41,249**	2,56,61,190	**6,28,062**	5,24,771
Accruals and other liabilities	**2,54,36,088**	3,14,86,485	**5,75,873**	6,43,899
Retentions payable	**1,81,25,283**	1,61,62,758	**4,10,356**	3,30,528
Leave salary	**21,25,072**	15,18,803	**48,112**	31,060
	7,34,27,692	7,48,29,236	**16,62,403**	15,30,258

13. RELATED PARTY DISCLOSURES

Related parties represent associated companies, partners, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by management.

At the reporting date, amounts due to related parties were as follows:

(a) *Due from related parties*

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Saudi Ensas Company for Engineering Services WLL	**81,181**	—	**1,838**	—

(b) *Due to Related parties*

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Hamad and Mohamad Al Futtaim	**24,62,720**	3,19,854	**55,755**	6,541
Voltas Limited – Qatar Branch	**60,21,410**	63,77,897	**1,36,325**	1,30,428
Lalbuksh Voltas Engineering Services & Trading LLC.	**4,51,173**	4,53,173	**10,215**	9,267
Voltas Netherlands B.V.	**2,81,770**	77,223	**6,379**	1,579
Voltas Limited – UAE Branch	**17,34,867**	7,38,326	**39,277**	15,099
Voltas Limited – Head office	**7,91,863**	3,35,611	**17,928**	6,863
Voltas Limited – Singapore	**1,55,106**	1,14,615	**3,512**	2,344
	1,18,98,909	84,16,699	**2,69,391**	1,72,121

(c) *Related party transactions*

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Manpower costs	**1,42,23,445**	2,37,90,818	**3,06,515**	4,82,716
Subcontract	**6,10,880**	3,52,241	**13,164**	7,147
General expenses	**3,07,113**	4,63,290	**6,618**	9,400

(d) Compensation of Key management personnel (KMP)

The Compensation of KMP during the year are as follows:

	2022	2021	**2022**	2021
Short term benefits of KMP	**21,42,060**	17,27,460	**46,161**	35,050
End-of-service and other benefits	**2,39,160**	1,94,700	**5,154**	3,950
	23,81,220	19,22,160	**51,315**	39,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

14. EMPLOYEES' END-OF-SERVICE BENEFITS

		As at 31-12-2021		As at 31-12-2021
	QR	QR	**₹ in '000s**	₹ in '000s
Balance at 1st January	**30,78,567**	26,73,144	**62,957**	53,784
Provided during the year	**27,31,512**	7,04,462	**58,864**	14,294
Transferred from a related party	**13,26,916**	51,585	**28,595**	1,047
End-of-service benefits paid	**(4,56,107)**	(3,50,624)	**(9,829)**	(7,114)
Balance at 31st December	**66,80,888**	30,78,567	**1,51,254**	62,957

15. LEGAL RESERVES

As required by the Qatari Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution, except for circumstances specified in the abovementioned law.

16. REVENUE

The Company derives its revenue from contracts with customers over the period of time in the pattern execution of project.

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Revenue recognition				
Contract revenue	**13,54,17,729**	29,11,58,702	**29,18,252**	59,07,610

17. COST OF SERVICES AND OTHER DIRECT COSTS

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Cost of materials	**7,74,81,161**	17,69,09,302	**16,69,719**	35,89,490
Manpower costs	**4,64,11,078**	4,87,22,343	**10,00,159**	9,88,576
Rent	**36,14,326**	23,46,505	**77,889**	47,611
Reversal for anticipated losses	**—**	(88,808)	**—**	(1,802)
Site office maintenance	**6,69,535**	3,80,174	**14,428**	7,714
Depreciation of plant and equipment (Note 9)	**3,53,888**	3,31,148	**7,626**	6,719
Printing and stationery	**2,52,053**	4,18,401	**5,432**	8,489
Amortisation of intangible assets (Note 10)	**6,380**	6,155	**137**	125
Amortisation of right-of-use assets	**1,02,041**	1,25,776	**2,199**	2,552
Transportation	**20,63,315**	25,13,112	**44,464**	50,991
Communication	**11,35,478**	8,77,994	**24,470**	17,814
Other direct costs	**4,57,803**	2,37,060	**9,866**	4,810
	13,25,47,058	23,27,79,162	**28,56,389**	47,23,089

18. OTHER INCOME

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Profit on sale of property and equipment	**—**	16,496	**—**	335
Scrap sales	**1,56,487**	3,73,185	**3,372**	7,572
Reversal of Expected Credit Loss on WIP	**1,03,149**	—	**2,223**	—
Interest income	**—**	1,40,00,000	**—**	2,84,060
Miscellaneous income	**29,82,079**	36,42,056	**64,264**	73,897
	32,41,715	1,80,31,737	**69,859**	3,65,864

19. GENERAL AND ADMINISTRATIVE EXPENSES

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Services charges	**12,46,071**	36,36,066	**26,853**	73,777
Professional fees	**11,11,469**	9,78,038	**23,953**	19,844
Exchange loss	**88,511**	7,86,161	**1,907**	15,951
Provision for loss allowance – accounts receivable (i)	**4,79,63,730**	1,37,198	**10,33,618**	2,784
Provision for loss allowance – retentions receivable	**3,13,09,606**	2,93,15,263	**6,74,722**	5,94,807
Provision for loss allowance – contract assets	**—**	35,97,060	**—**	72,984
Registration and licenses	**65,092**	43,025	**1,403**	873
Vehicle maintenance	**53,057**	57,818	**1,143**	1,173
Air passage and conveyance	**19,414**	17,448	**418**	354
Miscellaneous expenses	**4,03,702**	25,344	**8,700**	514
	8,22,60,652	3,85,93,421	**17,72,717**	7,83,061

(i) This includes provision amounting to QR 2,89,20,000 (₹ 62.32 crores) on account of receivable related to encashment of bank guarantee.

20. INCOME TAX

			2021		2021
		QR	QR	**₹ in '000s**	₹ in '000s
(a)	(Loss) / profit for the year before income tax	**(8,17,28,041)**	3,35,87,820	**(17,61,239)**	6,81,497
	Adjustments for:				
	Provision of loss allowance on trade receivables	**1,89,40,581**	3,30,49,521	**4,08,170**	6,70,575
	Provision of loss allowance on retention receivables	**3,13,09,606**	—	**6,74,722**	—
	Provision / (reversal) for provision for impairment loss	**(4,18,126)**	—	**(9,011)**	—
	Gain disposal of property and equipment	**—**	(16,497)	**—**	(335)
	Non-deductible expense and adjustments	**12,21,505**	49,41,438	**26,323**	1,00,262
	Taxable (loss) / income	**(3,06,74,475)**	7,15,62,282	**(6,61,035)**	14,51,999
	Income tax expense at 10%	**—**	71,56,228	**—**	1,45,200
	Share in taxes of foreign partner at 97.75% to be paid to General Tax Authority (Note 1)	**—**	69,95,213	**—**	1,43,052

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

20. INCOME TAX (contd.)

(b) Income tax payable at the end of financial year as shown in the statement of financial position can be reconciled to the income tax expense in the statement of profit or loss and other comprehensive income as follows:

		2021		2021
	QR	QR	**QR**	₹ in '000s
Current income tax:				
Current year tax expense	**—**	69,95,213	**—**	1,41,933
Prior year income tax adjustment	**(75,354)**	9,95,021	**(1,624)**	20,189
Other adjustments	**—**	(4,17,709)	**—**	(8,475)
Deferred income tax:				
Deferred tax adjustment	**63,538**	(32,94,295)	**1,369**	(66,842)
Income tax expense reported in the statement of comprehensive income	**(11,816)**	42,78,230	**(255)**	86,805

(c) Deferred income tax

The total tax effect of temporary differences that resulted in significant portions of the deferred tax assets as at the reporting date are as follows:

	Accounting base	**Tax base**	**Temporary difference**	**Temporary difference**
	QR	**QR**	**QR**	**₹ in '000s**
31st December, 2022				
Loss allowance - accounts receivable (Note 6)	**5,36,52,517**	**—**	**5,36,52,517**	**12,14,693**
Loss allowance - retentions receivable (Note 7)	**6,45,26,763**	**—**	**6,45,26,763**	**14,60,886**
Loss allowance - contract assets (Note 8)	**1,13,98,327**	**—**	**1,13,98,327**	**2,58,058**
Total	**12,95,77,607**	**—**	**12,95,77,607**	**29,33,637**
Effective deferred tax rate @ 10% @ 97.75% (Note 1)			**1,26,66,211**	**2,86,763**

Deferred tax asset has been recognised amounting to QR 49,24,425 (₹ 11.15 crores) which is to the extent of estimated future taxable profits of 3 years.

Movements in the deferred tax asset are as follows:

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Balance as at 1st January	**49,87,963**	16,93,668	**1,02,004**	34,077
Deferred tax adjustment	**(63,538)**	32,94,295	**(1,369)**	66,842
Balance as at 31st December	**49,24,425**	49,87,963	**1,11,489**	1,02,004

21. CONTINGENCIES

		2021		2021
	QR	QR	**₹ in '000s**	₹ in '000s
Performance bonds	**2,21,24,533**	4,17,97,684	**5,00,899**	8,54,763
Advance payment guarantees	**1,13,00,790**	91,80,000	**2,55,850**	1,87,731
Letters of credit	**3,41,08,360**	6,48,63,943	**7,72,213**	13,26,468

22. INTEREST IN JOINT ARRANGEMENT

The Company entered into a 50:50 unincorporated Joint Arrangement with Hamad & Mohamad Al Futtaim for the execution of the construction and design and development of the MEP services for the Doha Festival City Retail Mall and Vendome Mall in Doha, Qatar. During the period, the assets and liabilities and results of operations of the Joint Arrangement and the Company's share included in the accompanying financial statements are as follows::

	As recorded in the Joint Arrangement account	Share of the Company (50%)	
Statement of financial position	**QR**	**QR**	**₹ in '000s**
Current assets			
Cash and bank balances	15,000	7,501	170
Accounts receivable	2,22,21,456	1,11,10,728	2,51,547
Retentions receivable	5,86,392	2,93,196	6,638
Advances paid	40,80,497	20,40,248	46,191
Total current assets	**2,69,03,345**	**1,34,51,673**	**3,04,546**
Non-current assets			
Plant and equipment	64,652	32,326	732
Intangible assets	64,352	32,176	728
Total non-current assets	**1,29,004**	**64,502**	**1,460**
Total assets	**2,70,32,349**	**1,35,16,175**	**3,06,006**
Current liabilities			
Trade and other payables	2,01,63,976	1,00,81,988	2,28,257
Bank loan	5,31,13,183	2,65,56,592	6,01,241
Advances from customers	5,56,839	2,78,420	6,303
Contract liabilities	1,08,22,171	54,11,086	1,22,507
Due to related parties	49,25,440	24,62,720	55,756
Total liabilities	**8,95,81,609**	**4,47,90,806**	**10,14,064**
Accumulated losses	(6,25,49,260)	(3,12,74,630)	(7,08,058)
Total liabilities and accumulated losses	**2,70,32,349**	**1,35,16,175**	**3,06,006**
Statement of profit or loss			
Contract revenue	3,24,29,687	1,62,14,843	3,49,430
Contract cost	(1,42,43,109)	71,21,555	(1,53,469)

23. FINANCIAL INSTRUMENTS

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise cash and cash equivalents, retentions, accounts and other receivables. Financial liabilities comprise retentions, loans and borrowings, trade and other payables and due to related parties.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of financial instruments is not materially different from their carrying values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

24. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to routine financial risk including the effects of defaults by customers, movement in interest rates and liquidity. The Company's Management seeks to minimise potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management such as credit risk, interest rate risk, liquidity risk and capital risk management.

Financial risk factors

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Company to credit risk, consist principally of bank balances, accounts and retentions receivable. The Company manages this risk by placing its bank balances with high credit rated institutions. Credit risks with respect to trade receivables is limited due to dispersion across large number of customers. The Company considers the credit quality of amounts that are neither past due nor impaired to be good.

In order to minimize credit risk, the Company has tasked its Management to develop and maintain the Company's credit risk grading to categories exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The table below detail the credit quality of the Company' financial assets, contract assets and financial guarantee contracts, as well as the Company's maximum exposure to credit risk by credit risk rating grades.

31st December, 2022	**Notes**	**External credit ratings**	**Internal credit ratings**	**12 month or lifetime ECL**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**	**Net carrying amount**
					QR	**QR**	**QR**	**₹ in '000s**
Bank balance	**5**	**A**	**N/A**	**12 month ECL**	**11,71,273**	**—**	**11,71,273**	**26,518**
Accounts receivables	**6**	**N/A**	**I**	**Lifetime ECL**	**16,38,13,860**	**(5,36,52,517)**	**11,01,61,343**	**24,94,053**
Retentions receivable	**7**	**N/A**	**I**	**Lifetime ECL**	**12,16,94,383**	**(6,45,26,763)**	**5,71,67,620**	**12,94,274**
Contract assets	**8**	**N/A**	**I**	**Lifetime ECL**	**7,49,21,540**	**(1,13,98,327)**	**6,35,23,213**	**14,38,165**
Due from related parties	**13 (a)**	**N/A**	**I**	**Lifetime ECL**	**81,181**	**—**	**81,181**	**1,838**

31st December, 2021	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount	Net carrying amount
					QR	QR	QR	₹ in '000s
Bank balance	5	A	N/A	12 month ECL	2,61,75,396	—	2,61,75,396	5,35,287
Accounts receivables	6	N/A	I	Lifetime ECL	13,97,52,263	(56,88,787)	13,40,63,476	27,41,598
Retentions receivable	7	N/A	I	Lifetime ECL	11,56,74,933	(3,32,17,157)	8,24,57,776	16,86,262
Contract assets	8	N/A	I	Lifetime ECL	8,03,16,339	(1,15,01,476)	6,88,14,863	14,07,264

For trade receivables, retention receivable, contract assets and due from related party, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ELC. The Company determines the ECL on these items 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 of these assets is presented based on their past due status in terms of the provision matrix.

24. FINANCIAL RISK MANAGEMENT (contd.)

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-months ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or value of its holdings of financial instruments. The Company's exposure to interest rate risk relates to its bank loan and bank balances. 50 basis points increase / decrease in interest rates would have increased / decreased equity by QR 6,11,698 (₹1.38 crores) [2021: QR 4,69,184 (₹ 0.96 crore)].

Liquidity risk

Liquidity risk represents the risk that the Company will not be able to settle its financial obligations as they fall due. Management confirms that cash and liquidity sources are sufficiently available to cover future obligations of the Company.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31st December, 2022

	Weighted average effective interest rate	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**	**Total**
	%	**QR**	**QR**	**QR**	**QR**	**₹ in '000s**
Trade and other payables	—	**7,34,27,692**	—	—	**7,34,27,692**	**16,62,403**
Due to Related parties	—	**1,18,98,909**	—	—	**1,18,98,909**	**2,69,391**
Bank loans	**QLMR + 2%**	**12,23,39,696**	—	—	**12,23,39,696**	**27,69,771**
		20,76,66,297	—	—	**20,76,66,297**	**47,01,565**

At 31st December, 2021

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Total
	%	QR	QR	QR	QR	₹ in '000s
Trade and other payables	—	7,48,29,236	—	—	7,48,29,236	15,30,258
Due to Related parties	—	84,16,699	—	—	84,16,699	1,72,121
Bank loans	QLMR + 2%	9,38,36,846	—	—	9,38,36,846	19,18,964
		17,70,82,781	—	—	17,70,82,781	36,21,343

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2022 (contd.)

24. FINANCIAL RISK MANAGEMENT (contd.)

Foreign currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. However, Management is of the opinion that the Company's exposure to currency risk is minimal as most of the transactions are carried out in Qatari Riyal.

Capital risk

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders.

The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital and retained earnings.

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The below table details change in the Company's liabilities arising from financing activities, including both cash and non-cash changes.

	As at 1-1-2022	**Financing cash flows**	**Other changes**	**As at 31-12- 2022**	**As at 31-12-2022**
	QR	**QR**	**QR**	**QR**	**₹ in '000s**
Bank loan	**9,38,36,846**	**2,85,02,850**	**—**	**12,23,39,696**	**27,69,771**
Dividends	**—**	**(1,00,00,000)**	**1,00,00,000**	**—**	**—**
Lease liabilities	**1,18,529**	**(1,16,413)**	**6,579**	**8,695**	**197**
	9,39,55,375	**1,83,86,437**	**1,00,06,579**	**12,23,48,391**	**27,69,968**

	As at 1-1-2021	Financing cash flows	Other changes	As at 31-12-2021	As at 31-12-2021
	QR	QR	QR	QR	₹ in '000s
Bank loan	—	9,38,36,846	—	9,38,36,846	19,18,964
Lease liabilities	2,34,242	(1,32,956)	17,243	1,18,529	2,424
	2,34,242	9,37,03,890	17,243	9,39,55,375	19,21,388

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by Management of the Company and authorized for issue on 13th February, 2023.

Directors **A. R. Suresh Kumar**

Doha, 13th February, 2023 **Dhulipala Srinivas Murthy**

VOLTAS NETHERLANDS B.V.

Directors :

V. P. Malhotra
Jerney Adriaansz *(Representative of TMF Management B.V.)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Fourth Annual Report and the Accounts for the year ended 31st March, 2023.

2. The Company has reported a profit of Euro 0.323 million for the year ended 31st March, 2023, as compared to Euro 2.391 million in the previous year due to lower dividend income earned from participations.

3. As part of an internal restructuring exercise, the Company has transferred its shareholdings in the following participations - Saudi Ensas Company for Engineering Services W.L.L. (8%), Lalbuksh Voltas Engineering Services & Trading L.L.C. (40%), Voltas Oman SPC (100%) and Universal Voltas L.L.C. (49%) to its wholly owned subsidiary in the Republic of Singapore – Universal MEP Projects Pte. Limited (UMPPL). The legal process has been completed and the Commercial Registration Certificates of respective participations have been suitably amended to reflect the name of UMPPL as a shareholder in place of the Company. The Board has also approved the proposal for transfer of the Company's entire 49% shareholding in Voltas Qatar W.L.L. to UMPPL and the legal process in respect thereof is in progress.

4. The Directors do not recommend any dividend for the year ended 31st March, 2023 (Previous Year: Nil).

5. M/s. PKF Wallast, Accountants & Business Advisers, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

V.P. Malhotra
Jerney Adriaansz

Amsterdam, 18th April, 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER AND MANAGEMENT BOARD OF VOLTAS NETHERLANDS B.V.

A. Report on the audit of the special purpose financial information

Our Opinion

We have audited the special purpose financial information (financial statements for consolidation purposes) for the year ended 31st March, 2023 of **Voltas Netherlands B.V.,** based in Delft, the Netherlands, which have been prepared for incorporation in the consolidated financial statements of Voltas Limited.

In our opinion, the accompanying special purpose financial information for the year ended 31st March, 2023 is prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in the notes to the special purpose financial information.

The special purpose financial information comprise:

1. Balance Sheet for the year ended 31st March, 2023;
2. Profit and Loss Account for the year then ended; and
3. Notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch Law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the special purpose financial information" section of our report.

We are independent of Voltas Netherlands B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags-en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Emphasis on the basis of accounting and restriction on distribution and use

We draw attention to the notes to the special purpose financial information, which describe the basis of accounting. The special purpose financial information is intended for Voltas Limited and is prepared for purposes of providing information to Voltas Limited to enable it to prepare the consolidated financial statements of the group.

As a result, the special purpose financial information is not a complete set of financial statements of Voltas Netherlands B.V. in accordance with Dutch Generally Accepted Accounting Principles and is not intended to give a true and fair view of the financial position of Voltas Netherlands B.V. as per 31st March, 2023, and of its result and its cash flows for the year then ended in accordance with Dutch Generally Accepted Accounting Principles.

The special purpose financial information may, therefore, not be suitable for another purpose. Therefore, our auditor's report is intended solely for Voltas Netherlands B.V. and Voltas Limited and should not be distributed to or used by other parties than Voltas Netherlands B.V. and Voltas Limited.

Our opinion is not modified in respect of this matter.

B. Description of responsibilities regarding the special purpose financial information

Responsibilities of Management for the special purpose financial information

Management is responsible for the preparation and fair presentation of the special purpose financial information in accordance with the accounting policies selected and disclosed by the entity, as set out in the Notes to the special purpose financial information. Furthermore, Management is responsible for such internal control as Management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the special purpose financial information.

Our responsibilities for the audit of the special purpose financial information

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 this special purpose financial information. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the special purpose financial information, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining 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;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Concluding 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 special purpose financial information 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;
- Evaluating the overall presentation, structure and content of the special purpose financial information, including the disclosures; and
- Evaluating whether the special purpose financial information 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 findings in internal control that we identify during our audit.

Schiphol – Rijk, The Netherlands. **PKF Wallast**
14th April, 2023 Drs. E. Bakker RA CDPSE

BALANCE SHEET AS AT 31ST MARCH, 2023

	Euro	As at 31-3-2022 Euro	₹ in '000s	As at 31-3-2022 ₹ in '000s
SOURCES OF FUNDS				
Share capital	**6,13,575**	6,13,575	**54,897**	51,872
Other reserve	**83,67,723**	80,44,810	**7,48,660**	6,80,108
Statutory reserve	**5,154**	5,154	**461**	436
Total Shareholders' Funds	**89,86,452**	86,63,539	**8,04,018**	7,32,416
APPLICATION OF FUNDS				
Participations (at cost)				
Saudi Ensas Company for Engineering Services W.L.L.	—	3,38,684	—	28,632
Lalbuksh Voltas Engineering Services & Trading L.L.C.	—	11,59,588	—	98,032
Voltas Oman SPC (formerly: Voltas Oman L.L.C.)	—	29,41,449	—	2,48,670
Voltas Qatar W.L.L.	**1,01,056**	1,01,056	**9,041**	8,543
Universal Voltas L.L.C.	—	37,63,260	—	3,18,146
Universal MEP Projects Pte. Limited	**82,02,982**	1	**7,33,921**	—
	83,04,038	83,04,038	**7,42,962**	7,02,023
Less: Impairment previous years Saudi Ensas Company for Engineering Services W.L.L.	—	(3,38,684)	—	(28,632)
	83,04,038	79,65,354	**7,42,962**	6,73,391
Loans to participations				
Universal MEP Projects Pte. Limited	**35,261**	—	**3,155**	—
	35,261	—	**3,155**	—
CURRENT ASSETS, LOANS & ADVANCES (NOMINAL VALUE)				
Trade receivables	**2,55,936**	1,37,051	**22,899**	11,586
Other receivables	**47,056**	28,023	**4,210**	2,369
Bank balances	**4,14,836**	5,80,268	**37,115**	49,056
Less: Current Liabilities	**(70,675)**	(47,157)	**(6,323)**	(3,986)
Net Current Assets	**6,47,153**	6,98,185	**57,901**	59,025
	89,86,452	86,63,539	**8,04,018**	7,32,416

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 89.47 being the exchange rate prevailing as on 31st March, 2023. Previous year figures have been converted @ 1 Euro = ₹ 84.54 being the exchange rate prevailing as on 31st March, 2022.

Directors **V. P. Malhotra**

Amsterdam, 18th April, 2023 **Jerney Adriaansz**

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

	Euro	2021-22 Euro	₹ in '000s	2021-22 ₹ in '000s
OTHER INCOME				
Dividends from participations	**1,04,179**	25,33,329	**9,065**	2,16,068
Fees Corporate Guarantee	**1,49,633**	1,65,773	**13,020**	14,139
	2,53,812	26,99,102	**22,085**	2,30,207
EXPENSES				
Operating and Administrative Expenses	**(3,30,243)**	(3,08,421)	**(28,734)**	(26,305)
Value adjustment participations	**3,38,684**	—	**29,469**	—
Value adjustment receivables from participations	**43,068**	—	**3,747**	—
Financial results	**17,592**	(58)	**1,531**	(5)
	69,101	(3,08,479)	**6,013**	(26,310)
Profit	**3,22,913**	23,90,623	**28,098**	2,03,897

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 87.01 being the average of the exchange rates prevailing as on 31st March, 2022 (1 Euro = ₹ 84.54) and as on 31st March, 2023 (1 Euro = ₹ 89.47). Previous year figures have been converted into Indian Rupees @ 1 Euro = ₹ 85.29 being the average of the exchange rates prevailing as on 31st March, 2021 (1 Euro = ₹ 86.04) and as on 31st March, 2022 (1 Euro = ₹ 84.54).

Directors **V. P. Malhotra**

Amsterdam, 18th April, 2023 **Jerney Adriaansz**

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Objectives

The Corporation's object categories of business are:

Investment in overseas ventures, undertaking turnkey projects and trading activities.

General

Assets and liabilities are valued at nominal values if not stated otherwise. Profits are taken into account at the moment they have been realized and the losses are taken as soon as they appear.

Amounts in foreign currencies are taken at the moment that they have been converted at the official rate of exchange as per balance sheet date. Exchange differences are dealt with through the profit and loss account.

Accounting period

The financial statements for consolidation purposes cover the period 1st April, 2022 up to and including 31st March, 2023.

Participations

The participations consists of acquired interests in the capital of the following companies:

	%	**Euro**	**₹ in '000s**
Voltas Qatar W.L.L.	**49**	**1,01,056**	**9,041**
Universal MEP Projects Pte. Limited	**100**	**82,02,982**	**7,33,921**
		83,04,038	**7,42,962**

The participations are valued at cost and if applicable less impairments in value.

Changes in the organizational structure

During the year, the Board of Directors of Voltas Netherlands B.V. had approved transfer of Company's shareholding in the following participations by way of gift as capital contribution to its wholly owned subsidiary in the Republic of Singapore – Universal MEP Projects Pte. Limited:

- Saudi Ensas Company for Engineering Services W.L.L. – 8% (Euro 3,38,684) (₹ 3.03 crores)
- Lalbuksh Voltas Engineering Services & Trading L.L.C. – 40% (Euro 11,59,588) (₹ 10.37 crores)
- Voltas Oman SPC (formerly: Voltas Oman L.L.C.) – 100% (Euro 29,41,449) (₹ 26.32 crores)
- Voltas Qatar W.L.L. – 49% (Euro 1,01,056) (₹ 0.90 crore)
- Universal Voltas L.L.C. – 49% (Euro 37,63,260) (₹ 33.67 crores)

The legal process for transfer of shares and change of shareholder in the Commercial Registrations of Saudi Ensas Company for Engineering Services W.L.L. Lalbuksh Voltas Engineering Services & Trading L.L.C., Voltas Oman SPC and Universal Voltas L.L.C. was completed during the year.

The legal process for transfer of shares and change of shareholder in the Commercial Registration of Voltas Qatar W.L.L. is in progress.

Reversal of impairment

During the financial year, the impairment of the value of shares held in Saudi Ensas Company for Engineering Services W.L.L. (Euro 3,38,684) (₹ 3.03 crores) was reversed.

Share Capital

The registered share capital amounts to Euro 10,12,500 (₹ 9.06 crores) [22,500 shares of Euro 45.00 (₹ 4,026/-) each].

The entire paid up share capital of the Company, consisting 13,635 shares of Euro 45.00 (₹ 4,026/-) each, is held by Voltas Limited, Mumbai, India.

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Share Capital

	Euro	₹ in '000s
Balance as per 31st March, 2022	6,13,575	51,872
Movement	—	—
Balance as per 31st March, 2023	6,13,575	54,897

Other Reserve

	Euro	₹ in '000s
Balance as per 31st March, 2022	80,44,810	6,80,108
Profit for the period 2022-2023	3,22,913	28,098
Balance as per 31st March, 2023	83,67,723	7,48,660

Statutory Reserve

	Euro	₹ in '000s
Balance as per 31st March, 2022	5,154	436
Movement	—	—
Balance as per 31st March, 2023	5,154	461

Loans to participations

	Euro	₹ in '000s
Inter Corporate Deposits to Universal MEP Projects Pte. Limited (SGD 50,000)	35,261	3,155

During 2022-2023, the Company has given Inter Corporate Deposits to Universal MEP Projects Pte. Limited aggregating Euro 35,261 (₹ 0.32 crore), at an interest rate of 3% per annum.

There is no defined repayment schedule for the aforesaid Inter Corporate Deposits.

Trade Receivables	Euro	₹ in '000s
Corporate Guarantee fees (Voltas Qatar W.L.L.)	72,286	6,468
Corporate Guarantee fees [Voltas Oman SPC (formerly: Voltas Oman L.L.C.)]	1,83,517	16,419
Interest on Inter Corporate Deposits (Universal MEP Projects Pte. Limited)	133	12
Balance as per 31st March, 2023	2,55,936	22,899

Other Receivables

	Euro	₹ in '000s
Prepayments (TMF Management B.V.)	13,658	1,222
Corporate Guarantee fees (Voltas Qatar W.L.L.)	25,606	2,291
Corporate Guarantee fees [Voltas Oman SPC (formerly: Voltas Oman L.L.C.)]	6,610	591
Corporate Guarantee fees (Lalbuksh Voltas Engineering Services & Trading L.L.C.)	370	33
Corporate Guarantee fees (Universal Voltas L.L.C.)	589	53
Interest on Inter Corporate Deposits (Universal MEP Projects Pte. Limited)	223	20
Balance as per 31st March, 2023	47,056	4,210

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Bank Balances

	Euro	₹ in '000s
ABN Amro Bank EURO	**34,151**	**3,056**
ABN Amro Bank USD	**3,79,529**	**33,956**
ABN Amro Bank Top Deposit EURO	**1,156**	**103**
Balance as per 31st March, 2023	**4,14,836**	**37,115**

Current Liabilities

	Euro	₹ in '000s
Corporate Guarantee fees (Voltas Limited)	**33,175**	**2,968**
Audit, advisory and accounting costs	**37,500**	**3,355**
Balance as per 31st March, 2023	**70,675**	**6,323**

Liabilities not shown in Balance Sheet

Contingent Assets and Liabilities

Voltas Netherlands B.V. had issued Corporate Guarantees to:

(i) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 28.920 million (Euro 7.289 million) (₹ 65.21 crores).

The utilised amount as per balance sheet date amounts to QR Nil (Euro Nil) (₹ Nil).

(ii) HSBC Bank Middle East Limited, Doha, Qatar on behalf of Voltas Qatar W.L.L. for QR 292.860 million (Euro 73.808 million) (₹ 660.36 crores).

The utilised amount as per balance sheet date amounts to QR 168.880 million (Euro 42.562 million) (₹ 380.80 crores).

(iii) National Bank of Oman S.A.O.G., Muscat, Oman on behalf of Voltas Oman SPC for RO 4.350 million (Euro 10.448 million) (₹ 93.48 crores).

The utilised amount as per balance sheet date amounts to RO 1.107 million (Euro 2.660 million) (₹ 23.80 crores).

(iv) HSBC Bank Oman S.A.O.G., Muscat, Oman on behalf of Lalbuksh Voltas Engineering Services & Trading L.L.C. for RO 2 million (Euro 4.804 million) (₹ 42.98 crores).

The utilised amount as per balance sheet date amounts to RO 0.673 million (Euro 1.617 million) (₹ 14.47 crores).

(v) Arab Bank for Investment & Foreign Trade (Al Masraf), Abu Dhabi, United Arab Emirates on behalf of Universal Voltas L.L.C. for AED 41.552 million (Euro 10.463 million) (₹ 93.61 crores).

The utilised amount as per balance sheet date amounts to AED 13.594 million (Euro 3.423 million) (₹ 30.63 crores).

The total utilised amount as per balance sheet date amounts to Euro 50.262 million (₹ 449.69 crores).

Voltas Limited, as the sole Shareholder of Voltas Netherlands B.V., has issued Corporate Guarantees with validity period up to 31st March, 2024, in favour of Voltas Netherlands B.V. as a collateral to the Corporate Guarantees issued by Voltas Netherlands B.V. to the banks of Voltas Qatar W.L.L., Voltas Oman SPC, Lalbuksh Voltas Engineering Services & Trading L.L.C. and Universal Voltas L.L.C., aggregating Euro 87 million (₹ 778.39 crores), to the extent of actual utilisation of the credit facilities by the respective participations.

Dividends from Participations

	Euro	₹ in '000s
Lalbuksh Voltas Engineering Services & Trading L.L.C. (RO 40,000)	**1,04,179**	**9,065**

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Fees Corporate Guarantee

	Euro	₹ in '000s
Voltas Qatar W.L.L.	**97,892**	**8,518**
Voltas Oman SPC (formerly: Voltas Oman L.L.C.)	**45,646**	**3,972**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1,303**	**113**
Universal Voltas L.L.C.	**4,792**	**417**
	1,49,633	**13,020**

The Company did not have any employees during 2022-2023 (2021-2022: Nil).

Operating and Administrative Expenses

	Euro	₹ in '000s
Fees Corporate Guarantee (Voltas Limited)	**1,49,633**	**13,020**
Management costs	**1,07,681**	**9,369**
Audit and advisory expenses	**58,547**	**5,094**
Legal fees	**6,917**	**602**
Tax advisory costs	**7,374**	**642**
Other costs	**91**	**7**
	3,30,243	**28,734**

Value adjustment participations

	Euro	₹ in '000s
Reversal impairment participation Saudi Ensas Company for Engineering Services W.L.L.	**3,38,684**	**29,469**

Value adjustment receivables from participations

	Euro	₹ in '000s
Reversal provision dividend receivable from Saudi Ensas Company for Engineering Services W.L.L.	**43,068**	**3,747**

Financial Results

	Euro	₹ in '000s
Interest received	**(763)**	**(66)**
Bank cost	**2,771**	**241**
Interest on Inter Corporate Deposit (Universal MEP Projects Pte. Limited)	**(515)**	**(45)**
Exchange rate differences	**(19,085)**	**(1,661)**
	(17,592)	**(1,531)**

Directors **V. P. Malhotra**
Jerney Andriaansz

Amsterdam, 18th April, 2023

UNIVERSAL MEP PROJECTS PTE. LIMITED

Directors :
Pradeep Kumar
Kottamasu Venkateswara Rao *(w.e.f 20th March, 2023)*
Shantanu Chatterjee *(w.e.f 20th March, 2023)*
Lai Foon Kuen *(up to 20th March, 2023)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Second Annual Report and the Accounts for the year ended 31st March, 2023.

2. During the year under review, as part of an internal restructuring, Voltas Netherlands B.V. (VNBV), the holding company has transferred its entire investments in Voltas subsidiaries / joint venture companies to the Company as capital contribution - Saudi Ensas Company for Engineering Services W.L.L. (8%), Lalbuksh Voltas Engineering Services & Trading L.L.C. (40%), Voltas Oman SPC (100%) and Universal Voltas L.L.C. (49%). The legal process has been completed and the Commercial Registration Certificates of the aforesaid companies have been amended to reflect the name of the Company as a shareholder in place of VNBV. The legal process for transfer of 49% shareholding in Voltas Qatar W.L.L. by VNBV to the Company is in progress.

3. Mr. Kottamasu Venkateswara Rao and Mr. Shantanu Chatterjee were appointed as Directors of the Company with effect from 20th March, 2023. Ms. Lai Foon Kuen resigned as Director of the Company with effect from 20th March, 2023. The Directors placed on record their gratitude for the support extended by Ms. Lai Foon Kuen during her tenure on the Board.

4. The Company has reported a loss of Singapore Dollar (SGD) 25,625 for the year under review mainly towards administration expenses.

5. M/s Rohan • Mah & Partners LLP, Public Accountants and Chartered Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

Pradeep Kumar
Kottamasu Venkateswara Rao
Directors

Singapore, 13th April, 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

UNIVERSAL MEP PROJECTS PTE. LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Universal MEP Projects Pte. Limited** (the Company), which comprise the statement of financial position as at 31st 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 31st 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 set out on pages 1 to 2.

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.

ROHAN · MAH & PARTNERS LLP
Public Accountants and
Chartered Accountants

Singapore, 13th April, 2023

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2023

	Note	SGD	As at 31-3-2022 SGD	₹ in '000s	As at 31-3-2022 ₹ in '000s
ASSETS LESS LIABILITIES					
Non-Current Assets					
Investment in associate	3	**53,05,706**	—	**3,27,999**	—
Investment in subsidiaries	4	**63,03,636**	—	**3,89,691**	—
		1,16,09,342	—	**7,17,690**	—
Current Assets					
Other receivables	5	—	1	—	*
Cash and cash equivalents	6	**16,465**	—	**1,018**	—
		16,465	1	**1,018**	—
Current Liabilities					
Other payables	7	**22,956**	9,531	**1,419**	533
Borrowings	8	**50,000**	—	**3,091**	—
		72,956	9,531	**4,510**	533
Net Current Liabilities		**(56,491)**	(9,530)	**(3,492)**	(533)
Net Assets/(Liabilities)		**1,15,52,851**	(9,530)	**7,14,198**	(533)
Capital and reserves attributable to equity holders of the Company					
Share capital	9	**1,15,88,007**	1	**7,16,371**	*
Accumulated losses		**(35,156)**	(9,531)	**(2,173)**	(533)
Total Equity		**1,15,52,851**	(9,530)	**7,14,198**	(533)

(* : less than ₹ 100)

Note : The Statement of financial position has been converted into Indian Rupees @ 1 Singapore Dollar (SGD) = ₹ 61.82 being the exchange rate prevailing as on 31st March, 2023. Previous year figures have been converted @ 1 SGD = ₹ 55.97 being the exchange rate prevailing as on 31st March, 2022.

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

Directors **Pradeep Kumar**

Singapore, 13th April, 2023 **Kottamasu Venkateswara Rao**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2023

	Note	SGD	4-8-2021 to 31-3-2022 SGD	₹ in '000s	4-8-2021 to 31-3-2022 ₹ in '000s
Continuing operations					
Revenue		—	—	—	—
Administration expenses	10	**(46,221)**	(9,531)	**(2,722)**	(528)
Finance cost	11	**(740)**	—	**(44)**	—
Loss before taxation		**(46,961)**	(9,531)	**(2,766)**	(528)
Share of profit of associate	3	**21,336**	—	**1,257**	—
Taxation	12	—	—	—	—
Loss from continuing operations		**(25,625)**	(9,531)	**(1,509)**	(528)
Loss for the year		**(25,625)**	(9,531)	**(1,509)**	(528)
Total comprehensive loss		**(25,625)**	(9,531)	**(1,509)**	(528)
Loss attributable to:					
Equity holders of the Company		**(25,625)**	(9,531)	**(1,509)**	(528)
Total comprehensive loss to:					
Equity holders of the Company		**(25,625)**	(9,531)	**(1,509)**	(528)

Note : The Profit and Loss Account has been converted into Indian Rupees @ 1 SGD = ₹ 58.90 being the average of the exchange rates prevailing as on 31st March, 2022 (1 SGD = ₹ 55.97) and as on 31st March, 2023 (1 SGD = Rs. 61.82). Previous year figures have been converted into Indian Rupees @ 1 SGD = ₹ 55.44 being the average of the exchange rates prevailing as on 4th August, 2021 (1 SGD = ₹ 54.90) and as on 31st March, 2022 (1 SGD = ₹ 55.97).

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

Directors **Pradeep Kumar**

Singapore, 13th April, 2023 **Kottamasu Venkateswara Rao**

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

	Share Capital		Accumulated Loss		Total	
	SGD	₹ in '000s	SGD	₹ in '000s	SGD	₹ in '000s
As at 4th August, 2021 (Date of incorporation)	1	*	—	—	1	*
Total comprehensive loss for the period	—	—	(9,531)	(528)	(9,531)	(528)
As at 31st March, 2022	1	*	(9,531)	(533)	(9,530)	(533)
Capital contribution (Note 9)	1,15,88,006	6,82,534	—	—	1,15,88,006	6,82,534
Total comprehensive loss for the year	—	—	(25,625)	(1,509)	(25,625)	(1,509)
As at 31st March, 2023	**1,15,88,007**	**7,16,371**	**(35,156)**	**(2,173)**	**1,15,52,851**	**7,14,198**

(* : less than ₹ 100)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2023

		4-8-2021 to 31-3-2022		4-8-2021 to 31-3-2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	**(46,961)**	(9,531)	**(2,766)**	**(528)**
Operating loss before working capital changes	**(46,961)**	(9,531)	**(2,766)**	(528)
Working capital changes, excluding changes related to cash:				
- Other receivables	**1**	(1)	*	*
- Other payables	**13,425**	9,531	**886**	533
Net cash used in operating activities	**(33,535)**	(1)	**(2,073)**	**(0)**
CASH FLOWS FROM INVESTING ACTIVITY				
Investment in associate and subsidiaries	—	—	—	—
Net cash used in investing activity	—	—	—	—
CASH FLOWS FROM FINANCING ACTIVITY				
Issuance of ordinary share	—	1	—	*
Loans	**50,000**	—	**3,091**	—
Net cash generated from financing activities	**50,000**	1	**3,091**	*
Net increase in cash and cash equivalents	**16,465**	—	**1,018**	—
Cash and cash equivalents at the beginning of year / period	—	—	—	—
Cash and cash equivalents at the end of year/period (Note 6)	**16,465**	—	**1,018**	—

(* : less than ₹ 100)

Note: 1. Non-cash transactions: At the end of the financial year, the Company acquired investments in associate and subsidiaries by virtue of transfer of ownership of these entities from the holding company (Notes 3, 4 and 9).

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

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

1. CORPORATE INFORMATION

Universal MEP Projects Pte. Limited is a private company limited by shares incorporated in Singapore with its registered office at 3 Ang Mo Kio Street 62, #07-31 Link@AMK, Singapore 569139.

The principal activities of the Company involve being engaged in the business of air conditioning, refrigeration, electromechanical projects as an EPC contractor both in domestic and international geographies (Middle East and Singapore) and engineering product services for mining and construction equipment, water management and treatment. The Company has no trading activities during the current financial year.

The immediate holding corporation is Voltas Netherlands B.V which is incorporated in the Netherlands and the ultimate holding corporation is Voltas Limited which is incorporated in India. Related corporations (companies) in these financial statements refer to Members of ultimate holding company's group of companies.

The financial statement of the Company for the year ended 31st March, 2023 were authorised for issue in accordance with a resolution of the Directors on 13th April, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements, expressed in Singapore Dollar (SGD or S$) which is also the functional currency of the Company, are prepared on the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting 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 revenues and expenses during the financial year. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. There are no critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity to be disclosed, except as disclosed in Note 19.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1st April, 2022. The adoption of these standards did not have any material effect on the financial statements.

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning on or after 1st April, 2023, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1st January, 2023
Amendments to FRS 1 *Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies*	1st January, 2023
Amendments to FRS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1st January, 2023
FRS 117 *Insurance Contracts*	1st January, 2023
Amendments to FRS 116 *Leases:* Lease Liability in a Sale and Leaseback	1st January, 2024
Amendments to FRS 1 *Presentation of Financial Statements:* *Non-current Liabilities with Covenants*	1st January, 2024
Amendments to FRS 110 *Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures:* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

2.2 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.

2.3 Financial Instrument

2.3.1 *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

Investments in debt instruments

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. The Company only has debt instruments at amortised cost.

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.

Investments in equity instruments

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 the 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.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirely, 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.

2.3.2 *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 de-recognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.3.2 Financial Liabilities (contd.)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss

2.4 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 60 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.

2.5 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 or 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); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.7 Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is possible 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.

2.9 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 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.

2.10 Taxes

2.10.1 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 period.

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.

2.10.2 ***Deferred Tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax 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 rates (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 offset, 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.

2.10.3 ***Goods and Services Tax (GST)***

Revenues, expenses and assets are recognised net of the amount of GST except:

(a) where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(b) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.11 Revenue – Dividend and interest income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised using the effective interest method.

2.12 Employee Benefits

2.12.1 ***Defined Contribution Plans***

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.12.2 *Short-Term Employee Benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services 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.

2.13 Grants

2.13.1 *Property Tax Rebate*

The Singapore Government had given remission of property tax (property tax rebates) under Section 6(8) of the Property Tax Act (Cap. 254) to qualifying non-residential properties in response to the COVID-19 pandemic.

For the portion of a non-residential property leased out to a lessee (tenant), the owner of the property (landlord) must transfer the benefit from the property tax rebate under Section 29 of the COVID-19 (Temporary Measures) Act, 2020. For the vacant portion of the property, the landlord itself will benefit from the property tax rebate.

2.13.2 *Jobs Support Scheme*

The Jobs Support Scheme provides wage support to employers to help them retain their local employees during this period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

2.13.3 *Rental Relief*

Qualifying property owners received support via a Government cash grant and they must in turn provide the necessary rental relief to their eligible Small and Medium Enterprises (SMEs) and Non-Profit organisations (NPOs) tenant - occupiers of the prescribed properties under the Rental Relief Framework.

2.13.4 *Foreign Worker Levy Waiver and Rebate*

The Singapore Government provided business employers who hire foreign workers on work permits and S-passes with Foreign Worker Levy (FWL) and FWL rebates to ease the labour costs of such firms.

2.14 Investment in Associate

An associate is an entity over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to 20% to 50% of the voting rights.

Investment in an associate is initially recognised at cost. In applying the equity method of accounting, the Company's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distribution received from the associated companies are adjusted against the carrying amount of the investment. When the Company's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Company does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

2.15 Investment in Subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses in the Company's statement of financial position.

Basis of measurement - Common control transactions

Transactions where the Company receives assets, liabilities, interest in entities or businesses from its related companies (i.e. common control transactions), the assets and/or liabilities received are recognised at their respective carrying amounts as reflected in the financial statements of the transferor immediately prior to such receipt. The difference, between any consideration paid and the aggregate carrying amounts of assets / liabilities and interests in entities acquired, is recorded in equity (merger reserve/capital contribution). Where the consideration for the receipt of net assets is in the form of ordinary shares issued by the Company, the Company records a credit to share capital.

2.16 Basis of consolidation

These financial statements are the separate financial statements of Universal MEP Projects Pte. Limited. The Company is exempted from the preparation of consolidated financial statements by virtue of FRS 27 "Consolidated and Separate Financial Statements" as the Company is a wholly-owned subsidiary of Voltas Netherlands B.V., (incorporated in the Netherlands), which in turn is a wholly owned subsidiary of Voltas Limited incorporated in India, which produces consolidated financial statements available for public use. The registered address of Voltas Limited is as follows: Voltas Limited, Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai - 400 033, India.

3. INVESTMENT IN ASSOCIATE

		2022		2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
At the beginning of year/period	—	—	—	—
Addition during the year*	**52,84,370**	—	**3,11,249**	—
Share of profit (net of tax)	**21,336**	—	**1,257**	—
At the end of financial year/period	**53,05,706**	—	**3,27,999**	—

Details of the associate as follows:

Name the Company	Country of incorporation and place of business	Principal activity	Equity holding		Cost of investment			
			2023	2022	**2023**	2022	**2023**	2022
			%	%	**SGD**	SGD	**₹ in '000s**	₹ in '000s
Universal Voltas L.L.C. ^	United Arab Emirates	Contracting business - specialising in building maintenance, maintenance activity / retrofit work at onshore and offshore oil and gas fields and facilities services, mechanical contracting, electrical contracting, water desalination and treatment stations contracting, industrial effluent plant contracting and heating, ventilation and air-conditioning (HVAC) works	49	—	**52,84,370**	—	**3,26,680**	—

* At the end of the financial year, the Company acquired the above investment in associate, by virtue of transfer of its ownership from the holding company.

^ Audited by PKF, Abu Dhabi, United Arab Emirates

Summarised financial information in respect of each of the Company's material associate is set out below. The summarised financial information below represents amounts included in the financial statements of the associate, not the entity's share of these amounts, and are prepared in accordance with SFRS Accounting Standards and are adjusted to reflect fair value adjustments upon acquisition or accounting policy alignments. Dividends received from the associate represent the actual amounts attributable and hence received by the Company.

The summarised financial information of the associate are based on its financial statements and reconciliation with the carrying amount of the investment in the financial statements are as follows:

		2022		2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Assets	**4,52,74,489**	—	**27,98,869**	—
Liabilities	**2,58,14,231**	—	**15,95,836**	—
Revenue	**5,09,58,707**	—	**30,01,468**	—
Net Profit	**43,543**	—	**2,565**	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

4. INVESTMENT IN SUBSIDIARIES

	SGD	2022 SGD	**₹ in '000s**	2022 ₹ in '000s
Unquoted equity investment, at cost				
At the beginning of year/period	—	—	—	—
Addition during the year**	**63,03,636**	—	**3,71,284**	—
At the end of financial year/period	**63,03,636**	—	**3,89,691**	—

Details of the subsidiaries as follows:

Name the Company	**Principal activity**	**Country of incorporation and place of business**	**Company's effective interest 2023 %**	**Company's effective interest 2022 %**
Voltas Oman SPC^	Trading in air conditioners, undertaking electrical, heating, ventilating, air-conditioning and mechanical contracting works, and service and maintenance of the same, and facility management services	Sultanate of Oman	100	—
Saudi Ensas Company for Engineering Services W.L.L. ^^	Design, installation, operation and maintenance of air conditioning and refrigeration systems, other electro-mechanical activities and building a workshop for its activities	Kingdom of Saudi Arabia	8	—
Lalbuksh Voltas Engineering Services & Trading L.L.C. ^^^	Drilling, irrigation and landscaping activities and construction of water treatment plants	Sultanate of Oman	40	—

** At the end of the financial year, the Company acquired the investments in aforesaid subsidiaries, via virtue of transfer of ownership of these entities from the holding company.

^ Audited by PKF LLC, Muscat, Sultanate of Oman

^^ Audited by PKF Ibrahim Ahmed Al-Bassam & Co, Jeddah, Kingdom of Saudi Arabia

^^^ Audited by PKF LLC, Muscat, Sultanate of Oman

5. OTHER RECEIVABLES

	SGD	As at 31-3-2022 SGD	**₹ in '000s**	As at 31-3-2022 ₹ in '000s
Amount due from immediate holding company #	—	1	—	*
Deposits	—	—	—	—
	—	1	—	*

The amount due from immediate holding company is unsecured, non-interest bearing and repayable on demand.

(* : less than ₹ 100)

6. CASH AND CASH EQUIVALENTS

	SGD	As at 31-3-2022 SGD	**₹ in '000s**	As at 31-3-2022 ₹ in '000s
Cash at bank	**16,465**	—	**1,018**	—

7. OTHER PAYABLES

	SGD	As at 31-3-2022 SGD	₹ in '000s	As at 31-3-2022 ₹ in '000s
Current				
Accrued expenses	**22,956**	9,531	**1,419**	533

Other payables are unsecured, non-interest bearing and are normally settled on 30-day terms.

8. BORROWINGS

	SGD	As at 31-3-2022 SGD	₹ in '000s	As at 31-3-2022 ₹ in '000s
Current				
Short term loans	**50,000**	—	**3,091**	—

The Company entered into loan agreements with Voltas Netherlands B.V. (the holding company) on 8th June, 2022 [(SGD 25,000) (₹ 0.14 crore)] and 20th January, 2023 [(SGD 25,000) (₹ 0.15 crore)]. The average effective borrowing rate is 3% (2022: Nil) per annum.

9. SHARE CAPITAL

	SGD	As at 31-3-2022 SGD	₹ in '000s	As at 31-3-2022 ₹ in '000s
Ordinary shares issued (A)	**1**	1	*****	*
Capital contribution (B)	**1,15,88,006**	—	**7,16,371**	—
	1,15,88,007	1	**7,16,371**	*

(* : less than ₹ 100)

(A) Ordinary shares issued

	No. of shares	SGD	₹ in '000s	2022 No. of shares	2022 SGD	2022 ₹ in '000s
Ordinary shares issued and fully paid	**1**	**1**	*	1	1	*
At beginning and end of the year / period	**1**	**1**	*	1	1	*

(* : less than ₹ 100)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

(B) Capital contribution

During the financial year, the Company is in receipt of the below investments in group companies by way of separate gift deeds which provide for irrevocable transfer of legal and beneficial ownership of shares from its parent company, Voltas Netherlands B.V.:

1. 20,140 ordinary shares with a nominal value of Saudi Riyals (SR) 100 each, representing 8% of the issued and paid-up share capital of Saudi Ensas Company for Engineering Services W.L.L, company incorporated in Kingdom of Saudi Arabia;
2. 3,430 ordinary shares with a nominal value of AED 1000 each, representing 49% of the issued and paid-up share capital of Universal Voltas L.L.C, company incorporated in UAE;
3. 15,00,000 ordinary shares with a nominal value of Omani Rial (RO) 1 each representing 100% of the issued and paid-up share capital of Voltas Oman SPC, company incorporated in Sultanate of Oman;
4. 1,00,000 ordinary shares with a nominal value of Omani Rial (RO) 1 each representing 40% of the issued and paid-up share capital of Lalbuksh Voltas Engineering Services & Trading L.L.C, company incorporated in Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

9. SHARE CAPITAL (contd.)

This receipt of the above investments by way of a gift is recorded in the books of accounts as equity contribution at book value aggregating SGD 1,15,88,006 (₹ 71.64 crores) as under:

		As at 31-3-2022		As at 31-3-2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Name of the entities				
Saudi Ensas Company for Engineering Services W.L.L.	**4,82,692**	—	**29,840**	—
Universal Voltas L.L.C.	**52,84,370**	—	**3,26,680**	—
Voltas Oman SPC	**41,70,386**	—	**2,57,814**	—
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**16,50,558**	—	**1,02,037**	—
	1,15,88,006	—	**7,16,371**	—

10. ADMINISTRATION EXPENSES

Administration expenses include:

		As at 31-3-2022		As at 31-3-2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Audit fee	**11,885**	—	**700**	—
Bank charges	**1,740**	—	**102**	—
Miscellaneous expenses	**5,000**	—	**295**	—
Professional fees	**27,596**	9,531	**1,625**	528
	46,221	9,531	**2,722**	528

11. FINANCE COST

		4-8-2021 to 31-3-2022		4-8-2021 to 31-3-2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Interest on loans	**740**	—	**44**	—

12. TAXATION

Major components of income tax expenses are as follows:

		4-8-2021 to 31-3-2022		4-8-2021 to 31-3-2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Current year taxation	—	—	—	—

A reconciliation between the tax expense and the product of accounting profit and loss multiplied by the applicable tax rate are as follows:

		4-8-2021 to 31-3-2022		4-8-2021 to 31-3-2022
	SGD	SGD	**SGD**	₹ in '000s
Loss before taxation	**(46,961)**	(9,531)	**(2,766)**	(528)
Tax expense on loss before tax @ 17%	**(7,983)**	(1,620)	**(470)**	(90)
Adjustments:	—	—	—	—
Non-taxable income	—	—	—	—
Non-deductible expenses	**7,983**	1,620	**470**	90
Tax expense	—	—	—	—

13. SIGNIFICANT RELATED PARTIES TRANSACTIONS

During the financial year, significant related party transactions which were carried out in the normal course of business on terms agreed between the parties, as follows:

		2022		2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Immediate holding company				
Short term loans	**50,000**	—	**2,945**	—
Interest on loans	**740**	—	**44**	—

Balance with related parties at the statement of financial position date are set out in Note 8.

14. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortized cost and financial liabilities at amortised cost were as follows:

		4-8-2021 to 31-3-2022		4-8-2021 to 31-3-2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Financial Assets				
Loans and receivable:				
Other receivables	—	1	—	*
(* : less than ₹ 100)				
Financial Liabilities				
Financial Liabilities measures at amortised cost:				
Other payables	**22,956**	9,531	**1,419**	533
Borrowings	**50,000**	—	**3,091**	—
	72,956	9,531	**4,510**	533

15. 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, liquidity risk and market risk (including interest rate risk and foreign currency 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 purpose 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.

15.1 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.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of the Company's customers to make payments when due. The Company has no significant net allowances for impairment or ECL of trade receivables.

Information regarding financial assets that are either past due or impaired is disclosed in Note 5.

15.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial 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. To manage liquidity risk, the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalent.

No maturity analysis is presented as all financial assets and liabilities are due within 12 months.

15.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchanges will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2023 (contd.)

15. FINANCIAL RISK MANAGEMENT (contd.)

15.3.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Company is not exposed to interest rate risk as it does not have any financial instruments bearing variable interest rate as at the reporting date.

15.3.2 Foreign Currency Risk

The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances. The Company has no significant exposure to foreign currency risk except for borrowings

16. FAIR VALUE

Other Receivable, Borrowings and Other Payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

17. CAPITAL 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 its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position, plus net debts.

No specific gearing ratio has been determined by Management with the overall objective to keep the ratio as low as possible and such policy has not been changed since the previous financial year.

The gearing ratios at 31st March were as follows.

		4-8-2021 to 31-3-2022		4-8-2021 to 31-3-2022
	SGD	SGD	**₹ in '000s**	₹ in '000s
Total other payables and borrowings	**72,956**	9,531	**4,510**	533
Less: Cash and cash equivalents	**(16,465)**	—	**(1,018)**	—
Net debts	**56,491**	9,531	**5,528**	533
Total equity	**1,15,88,007**	1	**7,16,371**	*
Total capital	**1,16,44,498**	9,532	**7,21,899**	534
Gearing ratio	**0.99**	0.99	**0.99**	0.99

The Company does not have any externally imposed capital requirements for the financial year ended 31st March, 2023.

(* : less than ₹ 100)

18. OTHER MATTER

The COVID-19 outbreak and the measures taken to contain the spread of the pandemic, the Ukraine - Russia conflict, inflation and natural disasters have resulted in significant impact to business activities and high level of uncertainty to global economic prospects. The Company has considered the impact of the various macroeconomic events and factors on the measurement and recognition of assets and liabilities, income and expenses, and the potential impact on going concern amongst other considerations.

Management has reviewed the possible impact given the evolving nature of COVID-19 and the uncertainties that arise from the various macroeconomic events and factors on the following matters:

(1) Changes in economic and market conditions that affect the fair values of the Company's financial and non-financial assets and liabilities.

(2) Additional ECLs due to a decline in the repayment ability of debtors.

Management assessment requires the exercise of judgement and careful consideration of Company's specific facts and circumstances. The Company operates in business segments that have remain relatively stable or unaffected by the outbreak and the uncertainties as mentioned above and there may not be a significant increase in loss allowance as the Company's key customers are not in sectors severely affected by the outbreak and the uncertainties, and they generally have good repayment history. The Company will continue to monitor any material impact due to changes in future economic conditions.

19. 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 period.

19.1 Key Sources of Estimation Uncertainty

Investment in Subsidiaries and Associate

The recoverable amounts of investments in subsidiaries and associate are based on estimates and judgement with respect to key assumptions such as revenue growth, ability to secure future contracts, funding requirements, exchange rates, and discount rate. The calculations of projected future cash flows of the subsidiaries are inherently judgemental and susceptible to change from period to period due to the assumptions stated.

The fair value of a financial instrument at initial recognition is normally the transaction price. These intercompany loans can be measured as the present value of all future cash receipts discounted using the prevailing market rate(s) of interest for a similar instrument (similar as to currency, term, type of interest rate and other factors) with a similar credit rating.

Impairment of Investment and Financial Assets

The Company follows the guidance of FRS 36 and FRS 39 in determining when an investment or financial assets is other-than-temporary impaired. This assessment requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

20. COMPARATIVE FIGURES

The current financial year is for the twelve months from 1st April, 2022 to 31st March, 2023. The prior year comparative figures is from 4th August, 2021 (Incorporation date) to 31st March, 2022.

Directors **Pradeep Kumar**
Kottamasu Venkateswara Rao

Singapore, 13th April, 2023

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