VOLTAS
A TATA Enterprise

Reports and Accounts of Subsidiary Companies

2023-2024

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 41st Annual Report and Audited Financial Statements for the year ended 31st March, 2024.

1. Financial Results:

₹ in crores

Particulars	**2023-24**	2022-23
Revenue from operations	**2868.19**	1773.27
Other income	**10.57**	7.85
Total expenses	**2590.99**	1545.64
Profit before Tax	**287.77**	235.48
Tax expense	**72.69**	59.04
Profit after Tax	**215.08**	176.44
Other Comprehensive Income (net of Income-tax)	**(2.00)**	1.89
Total Comprehensive Income	**213.08**	178.33

2. Operations:

The Company has reported higher revenue of ₹ 2868.19 crores for the year ended 31st March, 2024 as compared to ₹ 1773.27 crores, last year. Profit Before Tax at ₹ 287.77 crores was higher as compared to ₹ 235.48 crores, last year. Net Profit was also higher at ₹ 215.08 crores as compared to ₹ 176.44 crores last year. Pending orders for Electrical, Solar, MEP and Water projects as on 31st March, 2024 was ₹ 5089 crores.

3. Material changes and commitments:

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

4. Reserves:

No amount is transferred to General Reserves during the year under review.

5. Dividend:

The Directors recommend a dividend of ₹ 0.50 per equity share of ₹ 10 each (5%) for the financial year 2023-24 (2022-23:2.5%). The dividend would result in a cash outflow of ₹ 69.07 crores. The dividend on equity shares is subject to approval of the Members at the 41st Annual General Meeting (AGM) to be held on 14th June, 2024.

6. Changes in Share Capital:

During the year under review, there was no change in the paid-up share capital of the Company.

7. Number of Board Meetings:

During the year under review, 6 Board Meetings were held on 24th April, 2023; 16th June, 2023; 7th July, 2023; 18th October, 2023; 24th January, 2024 and 6th March, 2024.

8. Directors and Key Managerial Personnel (KMP):

During the year under review, there was no change in the composition of the Board of Directors.

In accordance with the provisions of the Act and the Articles of Association, Mr. Debendranath Sarangi and Mr. Pradeep Bakshi retire by rotation and being eligible, have offered themselves for re-appointment. The Board recommends their re-appointment to the Members for their approval.

Dr. Anoop Kumar Mittal will cease to be a Director upon completion of his term on 27th April, 2024. The Board places on record its sincere appreciation for the contribution made by him during his tenure on the Board of the Company.

Mr. Subodh Kumar Soni was appointed as the Company Secretary of the Company with effect from 16th June, 2023 in place of Mr. Vishal Totla. Mr. Pradeep Kumar Bakshi (Managing Director), Mr. Ajay Pandya (Chief Financial Officer) and Mr. Subodh Soni (Company Secretary) are the KMPs of the Company, in line with the requirements of Section 203 of the Act.

9. 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. Anoop Kumar 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.

10. Audit Committee:

The Audit Committee comprise Mr. Debendranath Sarangi (Chairman), Mr. S. 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 24th April, 2023; 7th July, 2023; 18th October, 2023 and 24th January, 2024. Mr. Debendranath Sarangi attended the 40th AGM of the Company on 16th June, 2023 as Chairman of Audit Committee.

11. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee (NRC) comprise Mr. Debendranath Sarangi (Chairman), Mr. S. V. Phene, Non-Executive Directors and Mr. Pradeep Kumar Bakshi, Managing Director of the Company. During the year under review, 3 NRC Meetings were held on 24th April, 2023; 16th June, 2023 and 6th March, 2024. Mr. Debendranath Sarangi attended the 40th AGM of the Company on 16th June, 2023 as Chairman of Nomination and Remuneration Committee.

12. Corporate Social Responsibility:

Disclosure as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014, in prescribed form is enclosed as Annexure - I to this Report. During 2023-24, the Company spent ₹ 1.20 crores towards CSR activities, in line with the requirements of Section 135 of the Companies Act, 2013. Details of the composition of the CSR Committee, CSR Policy, Meetings of the CSR Committee held during 2023-24 are disclosed in the aforesaid Annexure.

13. **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.

14. **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, 2024. 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 also reviewed and deliberated at the Board Meeting held on 6th March, 2024.

15. **Statutory Auditors:**

The Members had earlier, 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 Auditors' Report for 2023-24 does not contain any qualification, reservation or adverse remark. Further, no fraud has been reported by the Statutory Auditors under Section 143(12) of the Act.

16. **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 2023-24. Their Secretarial Audit Report, in prescribed Form No. MR-3 is enclosed as Annexure - II. 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 2024-25.

17. **Cost Audit:**

During the year under review, maintenance of cost records and requirements of cost audit as prescribed by Section 148 of the Act, were not applicable to the Company.

18. **Deposits from Public:**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on 31st March, 2024.

19. **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 Project Committee constituted by the Company reviews the projects under the Infra Solutions business vertical of the Company. The Board of Directors and the Audit Committee also have oversight on the risk management processes of the Company.

20. **Annual Return:**

Pursuant to Sections 92(3) and 134(3)(a) of the Act, the Annual Return for FY 2023-24 is available on the Company's website at: www.umpesl.com .

21. **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 2023-24 were as under:

Earnings in foreign exchange	₹ 102.02 crores
Expenditure in foreign currency	Nil
Value of import on CIF basis	₹ 15.02 crores

22. **Internal Financial Controls:**

The Company has, in all material respects, adequate Internal Financial Controls (IFCs) with reference to the financial statements and such IFCs were operating effectively as at 31st March, 2024. The Auditors' Report also include their reporting on IFCs over Financial Reporting.

23. **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).

24. **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 there under. The Company has not received any complaint on sexual harassment during the year 2023-24.

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

All related party transactions during the year 2023-24 were in the ordinary course of business and satisfied the test of arm's length. Details in Form No. AOC-2 is annexed to this Report as Annexure - III.

26. **Particulars of Loans, Guarantees or Investments under Section 186 of the Act during 2023-24:**

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act, made during the year are given below:

Name of the Entity	Nature of Transaction	Particulars of Loan, Guarantees given or Investments made during 2023-24			Purpose for which the loans, guarantees and investments are proposed to be utilised
		Loan/ ICD (₹ in crores)	Investment (₹ in crores)	Guarantee (₹ in crores)	
Mahindra & Mahindra Finance	ICD	50.00 [1]	-	-	General Corporate Purpose
Bajaj Finance Limited	ICD	25.00	-	-	General Corporate Purpose

1. Including ₹ 25 crores, repaid during the year. As on 31st March, 2024, the outstanding amount was ₹25 crores.

27. **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).

28. Proceedings under Insolvency and Bankruptcy Code, 2016 (IBC):

There are no proceedings filed by the Company or against the Company which are pending under the Insolvency and Bankruptcy Code, 2016 (IBC), as amended, before National Company Law Tribunal or other Courts as on 31st March, 2024.

29. 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.

30. 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 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, 2024, 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.

31. Other disclosures:

(a) There was no change in the nature of the business of the Company.

(b) The Company does not have any subsidiaries / associates / joint ventures. The Company continued to be a wholly owned subsidiary of Voltas Limited.

(c) The Company has not issued equity shares with differential voting rights as to dividend, voting or otherwise.

(d) The Company has not issued shares (including sweat equity shares) to employees of the Company under any scheme.

(e) There was no instance of one-time settlement with any bank or financial institution.

(f) The Company's equity shares are not listed and therefore, the information to be provided pursuant to the provisions of Section 197(12) of the Act and Rules made thereunder is not applicable.

On behalf of the Board of Directors
Vinayak Deshpande
Chairman

Mumbai, 25th April, 2024

Annexure -I

Annual Report on CSR Activities for financial year 2023-24

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on Corporate Social Responsibility Policy of the Company:

The Policy sets out the Company's commitment and approach towards Corporate Social Responsibility (CSR) of improving the quality of life of the communities it serves. Through the CSR theme of 'Building Sustainable Livelihoods', the Company endeavours to facilitate livelihood opportunities and promote socio-cultural development.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Pradeep Kumar Bakshi (DIN : 0240277)	Chairman, Managing Director	2	2
2.	Mr. Shreeharsha V. Phene (DIN : 00103297)	Member, Non-Executive Director	2	2
3.	Ms. Sandhya S. Kudtarkar (DIN : 00021947)	Member, Non- Executive Director	2	2

3. Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

The CSR activities undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Committee composition, CSR Policy and projects/ programmes undertaken by the Company along with the implementing agencies / partners are available on links given below:

(i) CSR Committee Composition and CSR Policy: https://www.umpesl.com/

(ii) CSR Projects programmes undertaken by the Company: https://www.umpesl.com/

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

5. (a) Average net profit of the Company as per Section 135(5): ₹ **58.40 crores**

(b) Two percent of average net profit of the Company as per Section 135(5): ₹ **1.17 crores**

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**

(d) Amount required to be set-off for the financial year, if any: **Nil**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ **1.17 crores**

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

Ongoing Project: **Not applicable**

Other than Ongoing Project: ₹ **1.20 crores**

(b) Amount spent in Administrative overheads: **Nil**

(c) Amount spent on Impact Assessment, if applicable: **Not applicable**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ **1.20 crores**

(e) CSR amount spent or unspent for the Financial Year: ₹ **1.20 crores**

Total Amount Spent for the Financial Year (₹ in crores)	**Amount Unspent (₹ in crores)**				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		**Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)**		
	Amount	**Date of transfer**	**Name of the Fund**	**Amount**	**Date of transfer**
1.20	Nil	—	—	Nil	—

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

Sl. No.	**Particular**	**Amount (₹ in crores)**
(i)	Two percent of average net profit of the Company as per Section 135(5)	1.17
(ii)	Total amount spent for the Financial Year	1.20
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	—
(v)	Amount available for set-off in succeeding Financial Years [(iii)-(iv)]	—

7. Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

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

If yes, enter the number of Capital assets created/acquired: **Not Applicable**

Details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **Not Applicable**

1	2	3	4	5	6		
Sl. No.	**Short particulars of the property or asset(s) [including complete address and location of the property]**	**Pin code of the property or asset(s)**	**Date of creation**	**Amount of CSR amount spent**	**Details of entity/ Authority/ beneficiary of the registered owner**		
					CSR Registration Number, if applicable	**Name**	**Registered Address**
	—	—	—	—	—	—	—

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): **Not Applicable**

Pradeep Bakshi
Managing Director &
Chairman of CSR Committee

Mumbai, 25th April, 2024

ANNEXURE - II
SECRETARIAL AUDIT REPORT
Form No. MR-3
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024

[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, 2024 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, 2024 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 Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

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

(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.**

   (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 Benefits and Sweat Equity) Regulations, 2021;

(6) Other Laws applicable to the Company, as provided under **Annexure** 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. There was no change in the composition of the Board of Directors during the year. The change in Key Managerial Personnel during the year is in compliance with the Act and rules made thereunder.

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 there were no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

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

N. L. Bhatia
Partner
FCS: 1176
CP. No. 422
UDIN: F001176F000246718
Mumbai, 25th April, 2024

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, 2022.
20. Income Tax Act, 1961 and Rules.
21. The Central Goods and Service Tax Act, 2017.
22. The Integrated Goods and Service Tax Act, 2017.
23. Goods and Service Tax Act of States.
24. Personal injuries (Compensation Insurance) Act, 1963.
25. 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

N. L. Bhatia
Partner
FCS: 1176
CP. No. 422
UDIN: F001176F000246718
Mumbai, 25th April, 2024

Annexure III
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 2023-24.

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:

Refer Note 37 of the financial statements for the year ended 31st March, 2024.

(b) Nature of contracts/arrangements/transactions:

Refer Note 37 of the financial statements for the year ended 31st March, 2024.

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

Ongoing transactions.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Refer Note 37 of the financial statements for the year ended 31st March, 2024.

(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, 25th April, 2024

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, 2024, 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 material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2024, 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 Ind AS 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, specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 based on our audit, 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, to the extent applicable, that:

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2 (i) (vi) below on reporting under rule 11 (g);

   (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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2 (b) above on reporting under Section 143(3)(b) and paragraph 2 (i) (vi) below on reporting under Rule 11(g);

   (g) 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;

   (h) In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 34 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 45(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 45(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. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

         As stated in note 47 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. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that, audit trail feature is not enabled for changes at database level, as described in note 45 (x) to the Ind AS financial statements. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in respect of Company's accounting software.

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

per Aruna Kumaraswamy
Partner

Membership Number: 219350
UDIN: 24219350BKCSUL4280

Mumbai, April 25, 2024

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

(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee and building constructed on it), 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, 2024.

(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. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification.

(b) As disclosed in note 33(d) 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) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii) (a) of the Order is not applicable to the Company.

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

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii) (c), (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 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 of sales tax and goods and services tax are as follows:

Name of Statue	Nature of Dues	Forum where the dispute is pending	Period to which amount relates	Amount (₹ lakhs)
Sales Tax Act	(1) Central Sales Tax (2) Value Added Tax (3) Works Contract Tax (4) Entry Tax (including penalty and interest)	Appellate Tribunal	2005-06, 2007-08, 2008 – 2009, 2011-12 to 2014-15	161.48
		Commissioner of Appeals	2005-06 to 2017-18	2,157.86
		High Court	2001-02 to 2010-11, 2012-13	559.44
Goods and Service Tax Act, 2017	Goods and service Tax	Deputy Commissioner	2017-18	5.48
		Commissioner of Appeals	2017-18	30.07

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

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company.

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

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause 3(ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause 3(ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix) (e) 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 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 Reserve Bank of India. Accordingly, the requirement to report on 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 Reserve Bank of India and two CICs which are not required to be registered with the 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 44 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 32(B) to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 32(B) to the financial statements.

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

per Aruna Kumaraswamy
Partner
Membership Number: 219350
UDIN: 24219350BKCSUL4280

Mumbai, April 25, 2024

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, 2024, 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 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, 2024, 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 Aruna Kumaraswamy
Partner
Membership Number: 219350
UDIN: 24219350BKCSUL4280

Mumbai, April 25, 2024

BALANCE SHEET AS AT 31ST MARCH, 2024

	Notes	**₹ In Lakhs**	As at 31-3-2023 ₹ In Lakhs
I. ASSETS			
NON-CURRENT ASSETS			
(a) Property, plant and equipment	4A	**691.59**	534.05
(b) Intangible assets	4B	**56.89**	47.92
(c) Right-of-use assets	4C	**13.26**	1.34
(d) Financial assets			
Other financial assets	5A	**2,837.36**	166.61
(e) Income tax assets (net)	6	**369.36**	433.05
(f) Deferred tax assets (net)	7	**3,002.67**	2,448.10
(g) Other non - current assets	8A	**1,685.08**	1,506.70
Total non-current assets		**8,656.21**	5,137.77
CURRENT ASSETS			
(a) Inventories	9	**4,340.61**	3,849.08
(b) Contract assets	10	**35,815.21**	40,439.84
(c) Financial assets			
(i) Investments	11	**18,088.60**	—
(ii) Trade receivables	12	**69,243.60**	55,324.89
(iii) Cash and cash equivalents	13	**17,768.82**	28,531.11
(iv) Other balances with banks	14	**2,500.00**	—
(v) Loans	15	**8.28**	5.59
(vi) Other financial assets	5B	**5,947.70**	395.00
(d) Other current assets	8B	**7,584.30**	7,305.99
Total current assets		**1,61,297.12**	1,35,851.50
TOTAL ASSETS		**1,69,953.33**	1,40,989.27
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	**1,34,182.58**	1,34,182.58
(b) Other equity	17	**(72,374.56)**	(90,328.38)
Total equity		**61,808.02**	43,854.20
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial liabilities			
Lease Liabilities	18A	**12.27**	—
(b) Provisions	19	**40.71**	367.60
Total non-current liabilities		**52.98**	367.60
CURRENT LIABILITIES			
(a) Contract liabilities	20	**33,429.98**	28,837.70
(b) Financial liabilities			
(i) Lease Liabilities	18B	**1.56**	1.73
(ii) Trade payables	21		
— total outstanding dues of micro enterprises and small enterprises		**13,314.07**	13,538.59
— total outstanding dues of creditors other than micro enterprises and small enterprises		**54,071.11**	49,588.05
(iii) Other financial liabilities	22	**28.73**	184.96
(c) Provisions	23	**2,146.14**	1,526.03
(d) Other current liabilities	24	**4,897.39**	2,441.65
(e) Income tax liabilities (net)	25	**203.35**	648.76
Total current liabilities		**1,08,092.33**	96,767.47
Total Liabilities		**1,08,145.31**	97,135.07
TOTAL EQUITY AND LIABILITIES		**1,69,953.33**	1,40,989.27
Summary of material accounting policies	2		

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

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership No. 219350

Mumbai, April 25, 2024

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)

Pradeep Bakshi
Managing Director
(DIN: 02940277)

Ajay Pandya
Chief Financial Officer

Subodh Soni
Company Secretary

Mumbai, April 25, 2024

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2024

		Notes	₹ In Lakhs	2022-23 (Refer Note 46) ₹ In Lakhs
	Income			
I	Revenue from operations	26	**2,86,819.57**	1,77,326.87
II	Other income	27	**1,057.18**	785.28
III	**Total Income (I+II)**		**2,87,876.75**	1,78,112.15
	Expenses:			
	(a) Consumption of materials, cost of jobs and services		**2,04,816.34**	1,17,106.62
	(b) Purchase of stock-in-trade		**26,152.13**	17,339.90
	(c) Changes in inventories of stock-in-trade	28	**(450.83)**	(578.01)
	(d) Employee benefits expense	29	**16,398.45**	13,034.27
	(e) Finance costs	30	**821.67**	163.74
	(f) Depreciation and amortisation expense	31	**220.69**	130.02
	(g) Other expenses	32	**11,140.55**	7,367.89
IV	**Total expenses**		**2,59,099.00**	1,54,564.43
V	**Profit before tax (III-IV)**		**28,777.75**	23,547.72
	Tax expense			
	(a) Current tax		**7,756.50**	5,049.92
	(b) Deferred tax charge/ (credit)		**(487.26)**	853.77
VI	**Total tax expense**		**7,269.24**	5,903.69
VII	**Net Profit for the year (V - VI)**		**21,508.51**	17,644.03
	Other comprehensive income			
	Items that will not be reclassified to profit or loss:			
	(a) Re-measurement gains/ (losses) on defined benefit plans		**(267.44)**	267.20
	(b) Income tax effect on (a) above		**67.31**	(77.81)
VIII	**Other Comprehensive Income [net of tax]**		**(200.13)**	189.39
IX	**Total Comprehensive Income [net of tax] (VII + VIII)**		**21,308.38**	17,833.42
X	**Earnings per equity share**			
	Basic and Diluted (₹) (Face value ₹ 10/- per share)	36	**1.60**	1.94
	Summary of material accounting policies	2		

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

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership No. 219350

Mumbai, April 25, 2024

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)

Pradeep Bakshi
Managing Director
(DIN: 02940277)

Ajay Pandya
Chief Financial Officer

Subodh Soni
Company Secretary

Mumbai, April 25, 2024

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2024

A. Equity share capital

	No. of shares	₹ In Lakhs
Balance as at 1st April, 2022	15,18,25,782	15,182.58
Issue of equity share capital	1,19,00,00,000	1,19,000.00
Balance as at 31st March, 2023	1,34,18,25,782	1,34,182.58
Issue of equity share capital	—	—
Balance as at 31st March, 2024	**1,34,18,25,782**	**1,34,182.58**

B. Other equity

₹ In Lakhs

	Reserves and surplus (Refer Note 17)					
	General Reserve	Securities Premium	Retained Earnings	Capital Reserve (Refer Note 46)	Equity component of liability	Total other equity
Balance as at 1st April, 2022	2,053.76	341.13	(6,321.43)	(109,009.28)	4,053.99	(108,881.83)
Profit for the year	—	—	17,644.03	—	—	17,644.03
Other Comprehensive Income (net of tax)	—	—	189.39	—	—	189.39
Total Comprehensive Income for the year (net of tax)	—	—	17,833.42	—	—	17,833.42
Contribution/ (Distribution) (Refer Note 46)	—	—	720.03	—	—	720.03
Transfer from retained earnings (Refer Note 46)	—	—	(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)
Profit for the year	—	—	21,508.51	—	—	21,508.51
Other Comprehensive Income (net of tax)	—	—	(200.13)	—	—	(200.13)
Total Comprehensive Income for the year (net of tax)	—	—	21,308.38	—	—	21,308.38
Payments of dividends	—	—	(3,354.56)	—	—	(3,354.56)
Balance as at 31st March, 2024	**2,053.76**	**341.13**	**26,080.58**	**(1,04,904.02)**	**4,053.99**	**(72,374.56)**

Summary of material accounting policies Note 2

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

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership No. 219350

Mumbai, April 25, 2024

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)

Pradeep Bakshi
Managing Director
(DIN: 02940277)

Ajay Pandya
Chief Financial Officer

Subodh Soni
Company Secretary

Mumbai, April 25, 2024

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2024

	₹ In Lakhs	2022-23 (Refer Note 46) ₹ In Lakhs
Cash flow from Operating Activities		
Profit before tax	**28,777.75**	23,547.72
Adjustments to reconcile profit before tax to net cash flows:		
Unclaimed credit balances written back	**(114.20)**	(9.25)
Interest income	**(634.90)**	(30.25)
Gain arising on financial assets measured at fair value through profit or loss (FVTPL) (net)	**(282.76)**	—
Finance costs	**821.67**	163.74
Depreciation and amortisation expenses	**220.69**	130.02
Bad and doubtful debts/ advances	**2,536.58**	1,656.87
Loss on disposal of property, plant and equipment	**3.60**	2.12
Operating profit before working capital changes	**31,328.43**	25,460.97
Working capital adjustments:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	**(14,491.49)**	(20,802.68)
Inventories	**(491.53)**	(568.57)
Other Financial assets	**(724.67)**	5.24
Contract assets	**2,660.83**	(9,997.33)
Other non-financial assets	**(456.69)**	(2,076.43)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	**3,552.52**	12,882.50
Provisions	**25.78**	575.73
Other Financial liabilities	**(156.24)**	164.08
Contract liabilities	**4,592.28**	17,229.08
Other non-financial liabilities	**2,455.74**	2,431.68
Cash generated from operations	**28,294.96**	25,304.28
Income tax paid (net of refunds)	**(8,138.22)**	(4,483.72)
Net cash flow generated from operating activities (A)	**20,156.74**	20,820.56
Cash flow from Investing Activities		
Purchase of property, plant and equipment and intangibles	**(389.97)**	(252.77)
Proceeds from sale of property, plant and equipment	**1.15**	(0.28)
Interest received	**634.90**	30.25
Purchase of Investments	**(29,500.00)**	—
Investments in Inter Corporate Deposits	**(5,000.00)**	—
Proceeds from sale of Investments	**11,694.16**	—
Investment in fixed deposits	**(5,001.46)**	(0.34)
Net cash flow generated from/ (used in) investing activities (B)	**(27,561.22)**	(223.14)
Cash flow from Financing Activities		
Proceeds from short-term borrowings	—	119,000.00
Repayment of short-term borrowings	—	(119,000.00)
Proceeds from issue of Equity Share capital	—	119,000.00
Purchase consideration paid for business acquisition (Refer Note 46)	—	(119,000.00)
Repayment of principal portion of lease liabilities	**(1.80)**	(12.72)
Repayment of interest portion of lease liabilities	**(0.47)**	(1.30)
Interest paid	**(0.98)**	(162.44)
Dividend paid	**(3,354.56)**	—
Net cash flow used in financing activities (C)	**(3,357.81)**	(176.46)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(10,762.29)**	20,420.96
Cash and cash equivalents at the beginning of the year	**28,531.11**	8,110.15
Cash and cash equivalents at the end of the year (Refer Note 13)	**17,768.82**	28,531.11
Components of Cash and cash equivalents		
- Balances with bank in current account	**7,768.82**	4,631.11
- Deposits with original maturity of less than three months	**10,000.00**	23,900.00
	17,768.82	28,531.11
Footnotes : (i) Non-cash investing and financing transactions:		
- Net gain arising on financial assets measured at FVTPL	**(83.99)**	—
- Addition to Right-of-use assets	**13.89**	—
(ii) Refer Note 13 (ii) for Change in liabilities arising from financing activities		

Summary of material accounting policies Note 2

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

As per our report of even date attached
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Aruna Kumaraswamy
Partner
Membership No. 219350

Mumbai, April 25, 2024

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)

Pradeep Bakshi
Managing Director
(DIN: 02940277)

Ajay Pandya
Chief Financial Officer

Subodh Soni
Company Secretary

Mumbai, April 25, 2024

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

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 March 31, 2024 were approved by the Board of Directors and approved for issue on April 25, 2024.

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 a historical cost basis, except for certain financial assets and liabilities that are measured at fair value as explained (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 ₹ 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. MATERIAL ACCOUNTING POLICIES

This note provides a list of the material 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, 2024 (contd.)

(B) CONTRACT BALANCES

Contract assets

A contract asset is initially recognized for revenue earned from project business because the receipt of consideration is conditional on successful completion of work. Upon completion of work and acceptance by the customer.

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-employment 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.

(D) EMPLOYEE BENEFITS (contd.)

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.

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.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognised.

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.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

(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.

(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 recovered from or 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.

(I) TAXES ON INCOME (contd.)

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.

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.

(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 amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (A) Revenue from contracts with customers and (B) Contract Balances.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

(K) FINANCIAL INSTRUMENTS (contd.)

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortized 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.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

  Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the asset's contractual cash flow represents SPPI.

  Financial instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, dividend income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss.

- **Financial assets at fair value through profit or loss (FVTPL)**

  FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

- **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.

(K) FINANCIAL INSTRUMENTS (contd.)

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.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

(L) IMPAIRMENT (contd.)

(b) Non-financial assets (contd.)

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 Directors 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) CASH DIVIDEND

The Company recognizes a liability to pay dividend to equity shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(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.

(R) OPERATING CYCLE

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. A portion of the Company's activities (primarily long-term project activities) have an operating cycle that 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. For all other activities, the operating cycle is twelve months.

(S) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- 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

(S) CURRENT VERSUS NON-CURRENT CLASSIFICATION (contd.)

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 ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

There are no standards that are notified and not yet effective as on the date.

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. The Company's Management is confident that the costs to complete the project are fairly estimated.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS (contd.)

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 12 and Note 10 respectively.

The Company reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than it's carrying amount, the impairment loss is accounted for.

Fair value measurement of financial instruments

Some of the Company's assets are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the asset, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about valuation techniques and inputs used in determining the fair value of various assets is disclosed in Note 41(B).

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 34(A).

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 38.

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.

Warranty provision (Trade Guarantees)

The Company gives warranties for its products, undertaking to repair or replace the product that fail to perform satisfactory during the warranty period. Provision made at the year-end represents the amount of expected cost of meeting such obligations of rectification / replacement which is based on the historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives. Provision towards warranty is disclosed in Note 23.

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

₹ In Lakhs

	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Vehicles	Total Property, Plant and Equipment
Gross carrying amount						
As at April 1, 2022	228.79	708.19	295.65	889.41	50.52	2,172.56
Additions	—	—	6.19	193.50	—	199.68
Disposals	—	—	—	(26.33)	(11.54)	(37.87)
As at March 31, 2023	228.79	708.19	301.84	1,056.58	38.98	2,334.38
As at April 1, 2023	228.79	708.19	301.84	1,056.58	38.98	2,334.38
Additions	—	20.67	24.82	313.53	—	359.02
Disposals	—	—	—	(93.57)	—	(93.57)
As at March 31, 2024	**228.79**	**728.86**	**326.66**	**1,276.54**	**38.98**	**2,599.83**
Accumulated Depreciation						
As at April 1, 2022	106.31	589.99	235.24	745.30	48.05	1,724.89
Charge for the year	7.61	19.84	11.93	72.09	—	111.47
Disposals	—	—	—	(25.01)	(11.02)	(36.03)
As at March 31, 2023	113.92	609.83	247.17	792.38	37.03	1,800.33
As at April 1, 2023	113.92	609.83	247.17	792.38	37.03	1,800.33
Charge for the year	7.60	22.98	13.08	153.07	—	196.73
Disposals	—	—	—	(88.82)	—	(88.82)
As at March 31, 2024	**121.52**	**632.81**	**260.25**	**856.63**	**37.03**	**1,908.24**
Net carrying amount as at March 31, 2024	**107.27**	**96.05**	**66.41**	**419.91**	**1.95**	**691.59**
Net carrying amount as at March 31, 2023	114.87	98.36	54.67	264.20	1.95	534.05

Footnotes : (i) The moveable property, plant and equipement have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 33.

(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. Intangible assets

₹ In Lakhs

	Software	Total
Gross carrying amount		
As at April 1, 2022	58.39	58.39
Additions	53.07	53.07
Disposals	—	—
As at March 31, 2023	111.46	111.46
As at April 1, 2023	111.46	111.46
Additions	30.95	30.95
Disposals	—	—
As at March 31, 2024	**142.41**	**142.41**
Accumulated Depreciation		
As at April 1, 2022	55.20	55.20
Charge for the year	8.34	8.34
Disposals	—	—
As at March 31, 2023	63.54	63.54
As at April 1, 2023	63.54	63.54
Charge for the year	21.98	21.98
Disposals	—	—
As at March 31, 2024	**85.52**	**85.52**
Net carrying amount as at March 31, 2024	**56.89**	**56.89**
Net carrying amount as at March 31, 2023	47.92	47.92

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

4C. Right-of-use Assets

₹ In Lakhs

	Buildings	Total
Gross carrying amount		
As at April 1, 2022	38.14	38.14
Additions	—	—
Disposals	—	—
As at March 31, 2023	38.14	38.14
As at April 1, 2023	38.14	38.14
Additions	13.89	13.89
Disposals	—	—
As at March 31, 2024	**52.03**	**52.03**
Accumulated Depreciation		
As at April 1, 2022	26.59	26.59
Charge for the year	10.21	10.21
Disposals	—	—
As at March 31, 2023	36.80	36.80
As at April 1, 2023	36.80	36.80
Charge for the year	1.97	1.97
Disposals	—	—
As at March 31, 2024	**38.77**	**38.77**
Net carrying amount as at March 31, 2024	**13.26**	**13.26**
Net carrying amount as at March 31, 2023	1.34	1.34

5. Other financial assets (At amortised cost)

	₹ in Lakhs	As at 31-3-2023 ₹ in Lakhs
(A) Non-current (Unsecured, considered good unless otherwise stated)		
Deposits with customers, vendors and others	**371.41**	215.81
Fixed deposits with remaining maturity of more than 12 months maturities*	**2,512.66**	11.20
	2,884.07	227.01
Less: Impairment allowance	**(46.71)**	(60.40)
	2,837.36	166.61
Footnotes:		
(1) Breakup of security deposits of other financial assets (non-current)		
(i) Unsecured, considered good	**2,837.36**	166.61
(ii) Credit impaired	**46.71**	60.40
	2,884.07	227.01
(2) Impairment allowance		
(i) Unsecured, considered good	—	—
(ii) Credit impaired - deposits with customers, vendors and others	**46.71**	60.40
	46.71	60.40

* includes the deposits of ₹ 11.66 Lakhs (March 2023 : ₹ 11.20 lakhs) lien against sales tax matter.

(B) Current (Unsecured, considered good unless otherwise stated)		
Deposits	**765.82**	367.96
Dues from related parties (Refer Note 37)	—	22.87
Claims receivable from customer	**175.14**	175.14
Interest accrued	**123.85**	4.17
Inter corporate deposits	**5,000.00**	—

5. Other financial assets (At amortised cost) (contd.)

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
Others	**58.03**	—
	6,122.83	570.13
Less: Impairment allowance	**(175.14)**	(175.14)
	5,947.70	395.00
Footnotes:		
(1) Breakup of security deposits of other financial assets (current)		
(i) Unsecured, considered good	**5,947.70**	395.00
(ii) Credit impaired	**175.14**	175.14
	6,122.83	570.13
(2) Impairment allowance		
(i) Unsecured, considered good	—	—
(ii) Credit impaired - claims receivable from customer	**175.14**	175.14
	175.14	175.14

6. Income tax assets (net)

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
Income tax assets (net)	**369.36**	433.05
	369.36	433.05

7. Deferred tax assets (net)

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
Deferred tax assets (net) [Refer Note 39]	**3,002.67**	2,448.10
	3,002.67	2,448.10

8. Other assets

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
(A) Non-current (Unsecured, considered good unless otherwise stated)		
Balance with government authorities	**1,685.08**	1,506.70
Advance to suppliers	**27.07**	27.07
Advances to employees	**52.04**	52.04
	1,764.19	1,585.81
Less : Impairment allowance	**(79.11)**	(79.11)
	1,685.08	1,506.70
Footnotes:		
(1) Breakup of details of other assets (non-current)		
(i) Unsecured, considered good	**1,685.08**	1,506.70
(ii) Credit impaired	**79.11**	79.11
	1,764.19	1,585.81
(2) Impairment allowance		
(i) Unsecured, considered good	**—**	—
(ii) Credit impaired - advances to suppliers and employees	**79.11**	79.11
	79.11	79.11

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

8. Other assets (contd.)

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

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
Advance to suppliers	**2,095.04**	3,128.48
Advances to employees	**11.54**	13.26
Balance with statutory and government authorities	**4,910.05**	3,517.24
Prepaid expenses	**383.19**	365.53
Gratuity fund (Refer Note 38)	—	82.89
Others	**184.48**	198.59
	7,584.30	7,305.99

Foot notes:

(1) Breakup of details of other assets (current)

(i) Unsecured, considered good	**7,584.30**	7,305.99
(ii) Credit impaired	—	-
	7,584.30	7,305.99

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

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
(a) Raw material [(refer footnote (ii)]	**61.54**	20.84
(b) Traded goods [(refer footnote (ii)]	**4,279.07**	3,828.24
	4,340.61	3,849.08

Footnotes :

(i) Provision/ (reversal) for write-down on value of inventory recognised in Statement of Profit and Loss	**24.17**	(44.68)

(ii) The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 33.

10. Contract assets (Unsecured)

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
Amount due from customers under construction contracts	**40,651.81**	43,312.64
Less: Impairment Allowance	**(4,836.60)**	(2,872.80)
	35,815.21	40,439.84

Footnotes:

(1) Breakup of security details

(i) unsecured, considered good	**39,773.16**	42,392.33
(ii) unsecured, credit impaired	**878.65**	920.31
	40,651.81	43,312.64
Less: Impairment Allowance	**(4,836.60)**	(2,872.80)
	35,815.21	40,439.84

(2) Gross amount due from customers under construction contracts includes receivable from holding company of ₹ 815.83 lakhs (March 2023 : ₹ 3066.39 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, 2024, contract assets balances have decreased as compared to 31st March, 2023 on account of billing done during the current period.

(4) **Movement in expected credit loss allowance on trade receivable and contract assets**

		As at 31-3-2023
	₹ in Lakhs	₹ in Lakhs
Balance at the beginning of the year	**8,132.39**	7,619.45
Add : Allowances/ (write-back) during the year	**2,536.58**	805.28
Less : Write-off during the year	**(532.24)**	(292.34)
Balance at the end of the year	**10,136.73**	8,132.39

(5) The above assets have been pledged as security against the sanctioned bank limits, the details relating to which have been described in Note 33.

11. Investments

	₹ in Lakhs	As at 31-3-2023 ₹ in Lakhs
Investments in unquoted mutual funds (at fair value through profit or loss)	**18,088.60**	—
	18,088.60	—

Footnotes:

(i) Aggregate value of unquoted investments	**18,088.60**	—
(ii) Aggregate value of impairment in value of investments	**—**	—

12. Trade Receivables (Unsecured, at amortised cost)

	₹ in Lakhs	As at 31-3-2023 ₹ in Lakhs
Trade receivables	**74,543.73**	60,584.48
Less: Impairment Allowance	**(5,300.13)**	(5,259.59)
Net Trade Receivables	**69,243.60**	55,324.89

Footnotes :

(1) Breakup of security details

(i) Unsecured, considered good	**69,243.60**	55,324.89
(ii) Unsecured, which have significant increase in credit risk	**2,601.94**	1,337.75
(iii) Unsecured, credit impaired	**2,698.19**	3,921.84
	74,543.73	60,584.48
Less : Impairment allowance	**(5,300.13)**	(5,259.59)
	69,243.60	55,324.89

(2) Trade receivable includes receivable from holding company of ₹ 1,282.72 lakhs (March 2023 : ₹ 1,806.39 lakhs).

(3) As at 31st March, 2024, Trade receivables has increased as compared to 31st March, 2023 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 33.

(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.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

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

(8) Ageing of trade receivables :

(i) As at March 31, 2024

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered Good	15,247.35	40,300.60	5,414.29	3,637.35	3,917.14	726.87	69,243.60
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	—	—	221.03	556.52	351.11	1,473.28	2,601.94
(iii) Undisputed Trade Receivables - Considered Doubtful	—	—	—	624.13	413.38	1,112.82	2,150.33
(iv) Disputed Trade Receivables - Considered Good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables - Considered Doubtful	—	—	—	6.03	0.16	541.67	547.86
Total	**15,247.35**	**40,300.60**	**5,635.32**	**4,824.03**	**4,681.79**	**3,854.64**	**74,543.73**

(ii) As at March 31, 2023

₹ in Lakhs

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered Good	2,584.03	41,335.41	4,980.56	4,790.43	1,275.81	358.65	55,324.89
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	—	—	52.37	265.97	159.22	860.19	1,337.75
(iii) Undisputed Trade Receivables - Considered Doubtful	—	—	—	382.60	149.59	2,875.20	3,407.39
(iv) Disputed Trade Receivables - Considered Good	—	—	—	—	—	—	—
(v) Disputed Trade Receivables - which have significant increase in credit risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables - Considered Doubtful	—	—	—	—	4.03	510.42	514.45
Total	2,584.03	41,335.41	5,032.93	5,439.00	1,588.65	4,604.46	60,584.48

13. Cash and Cash equivalents

	₹ in Lakhs	As at 31-3-2023 ₹ in Lakhs
- Balances with bank in current account	**7,768.82**	4,631.11
- Deposits with original maturity of less than three months	**10,000.00**	23,900.00
	17,768.82	28,531.11

Footnotes :

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

13. Cash and Cash equivalents (contd.)

(ii) Changes in liabilities arising from financing activities :

Particulars	**As at 31-3-2024 Lease Liabilities ₹ in Lakhs**
Opening balance	**1.73**
Cash flows	**(2.27)**
New leases	**13.89**
Accretion of interest	**0.47**
Closing balance	**13.83**

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

(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.

14. Other balances with banks

	₹ In Lakhs	As at 31-3-2023 ₹ in Lakhs
Deposits with original maturity of less than twelve months	**2,500.00**	—
	2,500.00	—

15. Loans (at amortised cost)

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Loans to employees (unsecured, considered good)	**8.28**	5.59
	8.28	5.59

16. Equity share capital

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Authorised Share Capital		
1,47,30,00,000 (31st March, 2023 : 1,47,30,00,000) equity shares of ₹ 10 each	**1,47,300.00**	1,47,300.00
1,27,00,000 (31st March, 2023 : 1,27,00,000) preference shares of ₹ 100 each	**12,700.00**	12,700.00
	1,60,000.00	1,60,000.00
Issued, subscribed and paid up shares		
1,34,18,25,782 (31st March, 2023 : 1,34,18,25,782) equity Shares of ₹ 10 each	**1,34,182.58**	1,34,182.58
	1,34,182.58	1,34,182.58

Footnotes :

(i) The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The holders of Equity Shares are entitled to receive dividends as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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 the shareholders.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

16. Equity share capital (contd.)

(ii) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

	Equity Share Capital			
	As at 31-3-2024		As at 31-3-2023	
	No. of Shares	**₹ In Lakhs**	No. of Shares	₹ In Lakhs
As at the beginning of the year	**1,34,18,25,782**	**1,34,182.58**	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**	1,34,18,25,782	1,34,182.58

(iii) Details of shares held by holding company and/ or their subsidiaries/ associates:

Name of the Shareholders	**Class of shares**	**Equity Share Capital**			
		As at 31-3-2024		As at 31-3-2023	
		No. of Shares	**% of Holding**	No. of Shares	% of Holding
Voltas Limited (holding company)	Equity	**1,34,18,25,775**	**100% ***	1,34,18,25,775	100%*

* 7 shares of the Company are held by Director / nominees along with Voltas Limited.

(iv) Details of shareholders holding more than 5% shares in the Company:

Name of the Shareholders	**Class of shares**	**Equity Share Capital**			
		As at 31-3-2024		As at 31-3-2023	
		No. of Shares	**% of Holding**	No. of Shares	% of Holding
Voltas Limited (holding company)	Equity	**1,34,18,25,775**	**100%***	1,34,18,25,775	100%*

* 7 shares of the Company are held by Director / nominees along with Voltas Limited.

(v) Details of shares held by promoter:

Description	**As at 31-3-2024**					
	Name of the promoter	**No. of Shares at the beginning of the year**	**Change during the year**	**No. of Shares at the end of the year**	**% of total Shares**	**% change during the year**
Equity shares of ₹ 10 each fully paid	Voltas Limited	**1,34,18,25,775**	—	**1,34,18,25,775**	**100%**	—

Description	As at 31-3-2023					
	Name of the promoter	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the end of the year	% of total Shares	% change during the year
Equity shares of ₹ 10 each fully paid	Voltas Limited	15,18,25,775	1,19,00,00,000	1,34,18,25,775	100%	783.79%

17. Other equity

			As at 31-3-2023
		₹ In Lakhs	₹ In Lakhs
(a)	General Reserve	**2,053.76**	2,053.76
(b)	Securities premium	**341.13**	341.13
(c)	Equity component of liability	**4,053.99**	4,053.99
(d)	Retained earnings	**26,080.58**	8,126.76
(e)	Capital Reserve	**(1,04,904.02)**	(1,04,904.02)
		(72,374.56)	(90,328.38)

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

17. Other equity (contd.)

		₹ **In Lakhs**	As at 31-3-2023 ₹ In Lakhs
(c)	**Equity component of liability**		
	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	**8,126.76**	(6,321.43)
	Net Profit for the year	**21,508.51**	17,644.03
	Payment of dividend	**(3,354.56)**	—
	Contribution/ (Distribution) (Refer Note 46)	—	720.03
	Transfer to Capital Reserve (Refer Note 46)	—	(4,105.26)
	Remeasurement of post employment benefit obligation	**(200.13)**	189.39
	Balance at the end of the year	**26,080.58**	8,126.76
(e)	**Capital Reserve**		
	Balance at the beginning of the year	**(104,904.02)**	(109,009.28)
	Transfer from retained earnings (Refer Note 46)	—	4,105.26
	Balance at the end of the year	**(104,904.02)**	(104,904.02)

DISTRIBUTION MADE AND PROPOSED

	₹ **In Lakhs**	As at 31-3-2023 ₹ In Lakhs
Cash Dividend on Equity Shares declared and paid:		
Dividend for the year ended March 31, 2023: ₹ 0.25 per share	**3,354.56**	**—**
(March 31, 2022: Nil per share)	**3,354.56**	**—**
Proposed Dividend on Equity Shares:		
Dividend for the year ended March 31, 2024: ₹ 0.50 per share	**6,709.13**	3,354.56
(March 31, 2023: ₹ 0.25 per share)		
	6,709.13	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.

(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) Equity component of liability

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 2018-19, the Company on approval of preference shareholder had modified redemption period for CRPS issued in 2011-12 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.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

17. Other equity (contd.)

(d) Retained earnings

Retained earnings are the profit/ (loss) that the Company has earned/ incurred till date less any transfer to general reserve, dividends or other distribution paid to shareholders. Retained earnings include re-measurement loss/ (gain) on defined benefit plans (net of taxes) that will not be reclassified to Statement of Profit and Loss.

(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.

18. Lease Liabilities (Refer Note 43)

	₹ **In Lakhs**	As at 31-3-2023 ₹ In Lakhs
(A) Non-Current		
Lease liabilities	**12.27**	—
	12.27	—
(B) Current		
Lease liabilities	**1.56**	1.73
	1.56	1.73

19. Provisions

	₹ **In Lakhs**	As at 31-3-2023 ₹ In Lakhs
Non-Current		
Provision for compensated absences	—	332.37
Post retirement medical benefits (Refer Note 38)	**40.71**	35.23
	40.71	367.60

20. Contract Liabilities

	₹ **In Lakhs**	As at 31-3-2023 ₹ In Lakhs
Billing in excess of contract revenue	**26,532.50**	19,767.49
Advance received from customers	**6,897.48**	9,070.21
	33,429.98	28,837.70

Footnotes :

(i) Billing in excess of contract revenue & advance received from customers includes amounts to holding company of ₹ 376.92 lakhs (March 2023 : ₹ 3.80 lakhs)

(ii) The outstanding balances of the contract liabilities as at 31st March, 2024 are higher on account of advance received from customers/ billing done as per the terms of contracts.

21. Trade Payables

	₹ **In Lakhs**	As at 31-3-2023 ₹ In Lakhs
(a) Total outstanding dues of micro enterprises and small enterprises	**13,314.07**	13,538.59
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	**54,071.11**	49,588.05
	67,385.18	63,126.64

Footnotes:

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

21. Trade Payables (contd.)

(2) Ageing of Trade payables :

(i) As at 31st March, 2024

₹ In Lakhs

Particulars	**Unbilled**	**Not Due**	**Outstanding for following periods from due date of payment**				**Total**
			Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
(i) Total outstanding dues of micro and small enterprises	**—**	**3,086.56**	**8,630.11**	**963.20**	**436.37**	**197.83**	**13,314.07**
(ii) Others	**4,863.05**	**14,000.93**	**28,743.34**	**2,851.65**	**1,692.12**	**1,907.54**	**54,058.63**
(iii) Disputed dues - micro and small enterprises	**—**	**—**	**—**	**—**	**—**	**—**	**—**
(iv) Disputed dues - Others	**—**	**—**	**—**	**—**	**—**	**12.48**	**12.48**
Total	**4,863.05**	**17,087.49**	**37,373.45**	**3,814.85**	**2,128.49**	**2,117.85**	**67,385.18**

(ii) As at 31st March, 2023

₹ In Lakhs

Particulars	Unbilled	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro and small enterprises	—	3,141.91	9,425.17	788.11	100.63	82.77	13,538.59
(ii) Others	2,712.18	10,411.07	31,472.69	2,644.15	809.76	1,512.55	49,562.40
(iii) Disputed dues - micro and small enterprises	—	—	—	—	—	—	—
(iv) Disputed dues - Others	—	—	—	—	—	25.65	25.65
Total	2,712.18	13,552.98	40,897.86	3,432.26	910.39	1,620.97	63,126.64

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

		₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
(i)	Principal amount remaining unpaid to any supplier	**13,266.18**	13,490.70
(ii)	Interest due on (i) above	**47.89**	47.89
(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	**13,266.18**	13,490.70
	- Interest	**47.89**	47.89
		13,314.07	13,538.59

22. Other financial liabilities

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Current		
Deposit received from the customers	**28.22**	18.94
Other financial liabilities	**0.51**	166.02
	28.73	184.96

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

23. Provisions

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Current		
Provision for compensated absences	**740.26**	283.99
Provision for gratuity (Refer Note 38)	**223.60**	—
Provision for contingencies for tax matters [Refer footnote (ii)]	**523.27**	557.79
Provision for trade guarantee [Refer footnote (i)]	**658.60**	683.84
Post retirement medical benefits (Refer Note 38)	**0.41**	0.41
	2,146.14	1,526.03

Footnotes :

(i) Provision for trade guarantee:

A provision is recognised for expected warranty claims on products sold during the years, based on past experience of the level of repairs and returns. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Opening balance	**683.84**	376.41
Add: Additional provision recognised during the year	**297.07**	723.78
Less: Utilisation/Reversals	**(322.31)**	(416.35)
Closing balance	**658.60**	683.84

(ii) Provision for contingencies for tax matters

A provision is recognised for provision for tax contingency in respect of statutory forms not collected by the Company from the customer towards the sales made. Assumptions used to calculate the provision for contingencies are based on expected tax obligation including interest on non submission of statutory forms.

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Opening balance	**557.79**	615.35
Add: Additional provision recognised during the year	**—**	—
Less: Utilisation/Reversals	**(34.52)**	(57.56)
Closing balance	**523.27**	557.79

24. Other current liabilities

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Statutory liabilities	**4,895.77**	2,436.14
Other	**1.62**	5.51
	4,897.39	2,441.65

25. Income tax liabilities (net)

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Income tax liabilities (net)	**203.35**	648.76
	203.35	648.76

26. Revenue from operations (Refer Note 40)

		₹ In Lakhs	2022-23 ₹ In Lakhs
(A)	**Revenue from Contracts with customers:**		
	Construction contract revenue	**2,23,701.61**	1,23,186.15
	Sale of products	**41,908.65**	34,697.61
	Sale of services	**20,876.96**	18,856.04
		2,86,487.22	1,76,739.80
(B)	**Other operating revenue :**		
	Sale of scrap	**218.15**	577.82
	Unclaimed credit balances written back	**114.20**	9.25
		332.35	587.07
		2,86,819.57	1,77,326.87

27. Other Income

		₹ In Lakhs	2022-2023 ₹ In Lakhs
(a)	Interest income :		
	- On deposits with banks	**588.53**	30.16
	- On Income tax refund	**45.73**	—
	- Others	**0.64**	0.09
(b)	Gain on sale/ fair valuation of financial assets measured at FVTPL	**282.76**	—
(c)	Gain on foreign exchange (net)	**126.02**	168.43
(d)	Miscellaneous Income	**13.50**	586.60
		1,057.18	785.28

28. Changes in inventories of stock-in-trade

	₹ In Lakhs	2022-2023 ₹ In Lakhs
Traded goods at the end of the year	**4,279.07**	3,828.24
Traded goods at the beginning of the year	**(3,828.24)**	(3,250.23)
	(450.83)	(578.01)

29. Employee benefit expense

	₹ In Lakhs	2022-2023 ₹ In Lakhs
Salaries, wages and bonus	**15,275.07**	11,915.60
Contribution to provident and other funds	**736.08**	773.40
Staff welfare expenses	**387.30**	345.27
	16,398.45	13,034.27

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

30. Finance costs

	₹ In Lakhs	2022-2023 ₹ In Lakhs
Interest Expenses - Bank Borrowings	—	148.55
Interest on Lease Liabilities	**0.47**	1.30
Corporate Guarantee charges	**820.22**	—
Others	**0.98**	13.89
	821.67	163.74

31. Depreciation and amortisation expenses

	₹ In Lakhs	2022-2023 ₹ In Lakhs
Depreciation on property, plant and equipment	**196.73**	111.47
Amortisation of intangible assets	**21.98**	8.34
Depreciation of Right-of-use assets	**1.97**	10.21
	220.69	130.02

32. Other expenses

	₹ In Lakhs	2022-2023 ₹ In Lakhs
Outside service charges	**1,606.60**	1,476.10
Travelling and conveyance	**1,359.67**	1,042.99
Insurance charges	**389.78**	138.66
Rates and taxes	**3.76**	8.84
Rent	**907.86**	562.76
Printing and stationery	**75.91**	52.40
Legal and professional charges	**298.58**	342.30
Payment to statutory auditors [Refer Note 32(A)]	**119.50**	33.28
Power and fuel	**1.32**	24.24
Bad and doubtful debts/ Advances (Refer footnote below)	**2,536.58**	1,656.87
Loss on disposal of property, plant and equipment	**3.60**	2.12
Hire charges	**319.80**	187.82
Bank charges	**183.09**	132.65
Freight and forwarding charges	**425.63**	190.87
Clearing charges	**181.68**	113.59
Corporate social responsibility expenses [Refer Note 32(B)]	**120.00**	—
Royalty expenses	**617.22**	59.62
IT related cost	**1,018.29**	286.30
Miscellaneous expenses	**971.68**	1,056.48
	11,140.55	7,367.89

Footnote:

Bad and doubtful debts/ Advances include:		
(i) Advances written off	**110.52**	—
(ii) Expected credit loss for trade receivable and contract assets	**2,426.06**	1,656.87
Total	**2,536.58**	1,656.87

32. (A) Payment to statutory auditors

		₹ In Lakhs	2022-23 ₹ In Lakhs
	To statutory auditors for:		
(i)	Audit Fees (including tax audit fees)	**117.00**	29.04
(ii)	Other services	**0.91**	3.70
(iii)	Reimbursement of expenses	**1.59**	0.54
		119.50	33.28

(B) Corporate Social Responsibility (CSR) Expenses

		₹ In Lakhs	2022-23 ₹ In Lakhs
(a)	Amount required to be spent by the Company during the year		
	Gross amount required to be spent as per Section 135(5)	**116.80**	—
	Less: Excess amount spent in previous year	**—**	—
		116.80	—
(b)	Amount approved by the Board to be spent during the year		
	Construction / acquisition of any asset	—	—
	On purposes other than above	**120.00**	—
		120.00	—
(c)	Amount spent during the year		
	Construction / acquisition of any asset		
	- Paid in cash	**—**	—
	- Yet to be paid in cash	**—**	—
	On purposes other than above		
	- Paid in cash	**120.00**	—
	- Yet to be paid in cash	**—**	—
		120.00	—
(d)	Details of ongoing project and other than ongoing project		
	(i) In case of Section 135(6) (Ongoing Project)		
	Opening Balance		
	- With Company	**—**	—
	- In separate CSR Unspent A/c	**—**	—
	Amount required to be spent during the year	**—**	—
	Amount spent during the year		
	- From Company's bank A/c'	**—**	—
	- From separate CSR Unspent A/c	**—**	—
	Closing Balance		
	- With Company	**—**	—
	- In Separate CSR Unspent A/c	**—**	—
	(ii) In case of Section135(5) (Other than ongoing project)		
	Opening Balance	**—**	—
	Amount deposited in specified Fund of Sch. VII within 6 months	**—**	—
	Amount required to be spent during the year	**116.80**	—
	Amount spent during the year	**120.00**	—
	Closing balance (Excess spent)	**(3.20)**	—
(e)	Details related to spent / unspent obligations :		
	(i) Contribution to Public Trust	**—**	—
	(ii) Contribution to Charitable Trust	**—**	—
	(iii) Others (Contribution to Section 8 companies, non-profit organisation, proprietorship and private limited companies)	**120.00**	—
	(iv) Unspent amount in relation to:		
	- Ongoing projects	**—**	—
	- Other than ongoing projects	**—**	—
		120.00	—

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

33. Sanction facilities available from the banks

The Company has obtained credit facilities from banks aggregating ₹1,90,000 lakhs as at 31 March 2024 (including fund based ₹ 36,000 lakhs and non fund based limits ₹ 154,000 lakhs) and aggregating ₹ 1,90,000 lakhs as at 31 March 2023 (including fund based ₹ 36,000 lakhs and non fund based limits ₹ 154,000 lakhs) which are repayable on demand as follows:

Break-up of the facilities	₹ In Lakhs	As at 31-3-2023 ₹ 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	**45,450.29**	41,710.57
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	**35,930.43**	31,662.24
Working capital demand loan facility from State Bank of India		
Sanction Amounts		
- Fund and Non-fund based	**75,000.00**	75,000.00
Utilised Amounts		
- Fund and Non-fund based	**28,899.93**	10,275.20

Notes

(a) The above facilities are secured by way of a charge on the movable property, plant and equipment, inventories, contract asset and trade receivables 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, 2024 and 31 March, 2023.

(d) 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.

34. Commitments and Contingencies

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
(a) Claims against the Company not acknowledged as debts		
Contractual matters in the course of business	**4,594.93**	4,594.93
Sales tax matters	**3,428.71**	3,802.66
Total	**8,023.64**	8,397.59

(b) Commitments

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for	—	—

35. (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.

35. (a) Segment reporting (contd.)

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 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.

		2022-23
	₹ In Lakhs	₹ In Lakhs
(A) Segment Revenue		
(a) Segment - A (Electro - Mechanical Projects and Services)	**2,27,736.28**	1,25,233.32
(b) Segment - B (Engineering Products and Services)	**58,750.94**	51,506.48
Revenue from contracts with customers	**2,86,487.22**	1,76,739.80
Add : Other operating income	**332.35**	587.07
Revenue from operations	**2,86,819.57**	1,77,326.87

Footnotes :

(i) There are three customers in Segment - A (Electro - Mechanical Projects and Services), who 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

		2022-23
	₹ In Lakhs	₹ In Lakhs
(a) Segment - A (Electro - Mechanical Projects and Services)	**8,115.64**	3,266.58
(b) Segment - B (Engineering Products and Services)	**20,566.12**	20,414.61
	28,681.76	23,681.19
Less : (i) Finance cost	**821.67**	163.74
(ii) Other unallocable expenditure net of unallocable income	**(917.66)**	(30.27)
Profit before tax	**28,777.75**	23,547.72
(C) Segment Assets		
(a) Segment - A (Electro - Mechanical Projects and Services)	**1,00,908.47**	90,478.33
(b) Segment - B (Engineering Products and Services)	**19,690.55**	19,098.66
(c) Unallocated	**49,354.31**	31,412.28
Total Segment Assets	**1,69,953.33**	1,40,989.27
(D) Segment Liabilities		
(a) Segment - A (Electro - Mechanical Projects and Services)	**94,529.68**	86,962.06
(b) Segment - B (Engineering Products and Services)	**13,398.46**	9,522.51
(c) Unallocated	**217.17**	650.50
Total Segment Liabilities	**1,08,145.31**	97,135.07

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

35. (a) Segment reporting (contd.)

(E) Other Information for Segments

		As at 31-3-2023
(i) Capital Expenditure		
(a) Segment - A (Electro - Mechanical Projects and Services)	**312.14**	223.98
(b) Segment - B (Engineering Products and Services)	**77.83**	28.78
	389.97	252.76
(ii) Depreciation & amortisation		
(a) Segment - A (Electro - Mechanical Projects and Services)	**172.89**	92.75
(b) Segment - B (Engineering Products and Services)	**47.80**	37.27
	220.69	130.02
(iii) Non-Cash Expenses Other than Depreciation and amortisation		
(a) Segment - A (Electro - Mechanical Projects and Services)	**2,426.12**	1,732.64
(b) Segment - B (Engineering Products and Services)	**114.06**	(113.15)
	2,540.18	1,619.49

(b) Information of Geographical Areas of Reportable Business Segments

	₹ In Lakhs	2022-23 ₹ In Lakhs
Revenue by Geographical Market		
- India	**2,76,224.87**	1,69,932.51
- Africa	**10,262.35**	6,807.29
	2,86,487.22	1,76,739.80

36. Earnings Per Equity Share

		2022-23
Profit attributable to equity holders (₹ in Lakhs)	**21,508.51**	17,644.03
Weighted average number of Equity Shares for Basic & Diluted	**1,34,18,25,782**	91,14,69,636
Earnings per share (₹) - Basic and Diluted (Face value ₹ 10 per share)	**1.60**	1.94

37. Related Party Transactions

A. List of related party and relationships

Sl. no.	Party	Relation
i.	Voltas Limited	Holding Company
ii.	Tata Sons Private Limited	Entity with Significant influence over the Holding Company
iii.	Tata Consultancy Services Limited	Subsidiaries and Joint Venture of Entity with Significant influence over the Holding Company
	Tata AIG General Insurance Company Limited	
	Tata International Limited	
	Tata Projects Limited	
	Tata De Mocambique, Limitada	
	Tata Zambia Limited	
	Tata AIA Life Insurance Company Limited	
iv.	Mr. Pradeep Kumar Bakshi [Managing Director]	Key Management Personnel
	Mr. Ajay Pandya [Chief Financial Officer]	
	Mr. Vishal Totla [Company Secretary] (up to 12th May, 2023)	
	Mr. Subodh Soni [Company Secretary] (w.e.f. 16th June, 2023)	
v.	Mr. Vinayak Deshpande	Non Executive Directors
	Mr. Debendranath Sarangi	
	Mr. Shreeharsha V Phene	
	Ms. Sandhya Shailesh Kudtarkar	
	Dr. Anoop Kumar Mittal	

37. Related Party Transactions (contd.)

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

₹ In Lakhs

Sr. no.	Transaction	Holding Company		Entity with Significant influence over the Holding Company		Subsidiaries and Step-down Subsidiaries & Joint Venture of Entity with Significant influence over the Holding Company		Key Management Personnel		Directors		Total	
		2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
1	**Construction contract revenue (Includes billed and unbilled revenue)**												
	Tata Consultancy Services Limited	—	—	—	—	**2,089.79**	1,303.05	—	—	—	—	**2,089.79**	1,303.05
	Voltas Limited	**2,247.87**	5,714.76	—	—	—	—	—	—	—	—	**2,247.87**	5,714.76
	Others	—	—	—	—	**202.78**	—	—	—	—	—	**202.78**	—
2	**Sale of Products**												
	Voltas Limited	**300.77**	648.86	—	—	—	—	—	—	—	—	**300.77**	648.86
3	**Rendering of Services**												
	Tata De Mocambique, Limitada	—	—	—	—	**9,959.29**	6,796.72	—	—	—	—	**9,959.29**	6,796.72
4	**Purchase of goods / services for execution of contracts**												
	Voltas Limited	**4,190.59**	2,484.73	—	—	—	—	—	—	—	—	**4,190.59**	2,484.73
	Others	—	—	—	—	**17.91**	—	—	—	—	—	**17.91**	—
5	**Receiving of Services ***												
	Voltas Limited	**2,190.87**	2,362.41	—	—	—	—	—	—	—	—	**2,190.87**	2,362.41
	Others	—	—	—	—	**2.63**	—	—	—	—	—	**2.63**	—
6	**Other Expenses- Recovery of expenses**												
	Voltas Limited	**152.41**	339.30	—	—	—	—	—	—	—	—	**152.41**	339.30
7	**Remuneration Paid/ Payable (including Commission and Sitting fees) - Short term benefits #**												
	Mr. Ajay Arvind Pandya	—	—	—	—	—	—	**77.69**	—	—	—	**77.69**	—
	Dr. Anoop Kumar Mittal	—	—	—	—	—	—	—	—	**12.60**	9.80	**12.60**	9.80
	Mr. Debendranath Sarangi	—	—	—	—	—	—	—	—	**18.20**	15.20	**18.20**	15.20
	Mr. Shreeharsha V. Phene	—	—	—	—	—	—	—	—	**13.60**	9.90	**13.60**	9.90
	Mr. Vinayak Deshpande	—	—	—	—	—	—	—	—	**17.00**	6.50	**17.00**	6.50
	Ms. Sandhya S Kudtarkar	—	—	—	—	—	—	—	—	**12.20**	9.00	**12.20**	9.00
8	**Tata Brand Equity**												
	Tata Sons Private Limited	—	—	**617.22**	59.62	—	—	—	—	—	—	**617.22**	59.62
9	**Dividend Paid**												
	Voltas Limited	**3,354.56**	—	—	—	—	—	—	—	—	—	**3,354.56**	—
10	**Purchase of property, plant and equipment**												
	Tata Consultancy Services Limited	—	—	—	—	—	0.64	—	—	—	—	—	0.64
	Voltas Limited	**0.34**	—	—	—	—	—	—	—	—	—	**0.34**	—
11	**Corporate Guarantee Expenses**												
	Voltas Limited	**820.22**	—	—	—	—	—	—	—	—	—	**820.22**	—

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

37. Related Party Transactions (contd.)

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

₹ In Lakhs

Sr. no.	Transaction	Holding Company		Entity with Significant influence over the Holding Company		Subsidiaries and Step-down Subsidiaries & Joint Venture of Entity with Significant influence over the Holding Company		Key Management Personnel		Directors		Total	
		2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
12	**Debit Balance Outstanding at period end**												
	Tata Consultancy Services Limited	—	—	—	—	**1,470.46**	236.69	—	—	—	—	**1,470.46**	236.69
	Tata De Mocambique, Limitada	—	—	—	—	**4,067.13**	2,924.42	—	—	—	—	**4,067.13**	2,924.42
	Tata Projects Limited	—	—	—	—	**1,515.56**	—	—	—	—	—	**1,515.56**	—
	Others	—	—	—	—	**61.56**	43.93	—	—	—	—	**61.56**	43.93
13	**Credit Balance Outstanding at period end**												
	Tata Sons Private Limited	—	—	**373.16**	—	—	—	—	—	—	—	**373.16**	—
	Voltas Limited	**295.37**	1,691.52	—	—	—	—	—	—	—	—	**295.37**	1,691.52
	Others	—	—	—	—	**9.65**	2.35	—	—	**60.00**	40.00	**69.65**	42.35
14	**Contract Revenue in excess of Billing**												
	Tata Projects Limited	—	—	—	—	**599.80**	—	—	—	—	—	**599.80**	—
	Voltas Limited	**815.83**	3,066.39	—	—	—	—	—	—	—	—	**815.83**	3,066.39
	Others	—	—	—	—	**128.49**	319.38	—	—	—	—	**128.49**	319.38
15	**Billing in excess of Contract Revenue**												
	Tata Consultancy Services Limited	—	—	—	—	**409.19**	70.23	—	—	—	—	**409.19**	70.23
	Tata Projects Limited	—	—	—	—	**214.95**	—	—	—	—	—	**214.95**	—
	Voltas Limited	**376.92**	3.80	—	—	—	—	—	—	—	—	**376.92**	3.80
16	**Consideration acquisition of business**												
	Voltas Limited	—	1,19,000.00	—	—	—	—	—	—	—	—	—	1,19,000.00
17	**Issue of Equity share capital**												
	Voltas Limited	—	1,19,000.00	—	—	—	—	—	—	—	—	—	1,19,000.00
18	**Provision for Debts and Advances at period end**												
	Tata Consultancy Services Limited	—	—	—	—	**80.42**	4.17	—	—	—	—	**80.42**	4.17
	Tata Projects Limited	—	—	—	—	**71.27**	—	—	—	—	—	**71.27**	—
19	**Guarantee Outstanding as at year end**												
	Voltas Limited	**1,90,000.00**	1,90,000.00	—	—	—	—	—	—	—	—	**1,90,000.00**	1,90,000.00
20	**Security deposit at the end of the period**												
	Voltas Limited	**15.00**	15.00	—	—	—	—	—	—	—	—	**15.00**	15.00

Managerial remunerations excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation of the Company's liabilities for all its employees.

* Includes reimbursement of cost related to Key Managerial Personnel who have been seconded from Holding Company and amount paid. [March 2024 ₹ 18.19 lakhs (March 2023: ₹ 39.16 lakhs)].

Terms and Conditions of Transactions with Related Parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. The Company has received financial guarantees from its Holding Company to obtain the credit facilities from banks.

38. Employee benefit expense

(1) Defined Contribution plans

The Company's contribution to provident fund, ESIC and labour welfare fund aggregating ₹ 595.69 lakhs (for the year ended 31st March, 2023: ₹ 486.12 lakhs) has been recognised in the Statement of Profit & Loss under the head employee benefits expenses.

(2) Defined benefit plans

The Company has defined benefit Gratuity and Post retirement medical benefits plan as given below:

(i) Gratuity

Every employee who has completed five years of services, is entitled to Gratuity benefits. The Gratuity plan is governed by the Payment of Gratuity Act, 1972. The Gratuity plan provides lumpsum payments to vested employees at retirement, death while in employment, or termination of employment being an amount equivalent to 15 days salary for each completed year of service. The Gratuity plan is funded.

(ii) Post Retirement Medical Benefits (PRMB)

PRMB scheme is eligible for all those employees who are above management staff grade and have joined on or before 31st December, 2015. This scheme is non-funded.

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

	Gratuity Funded		**Post Retirement Medical Benefits**	
		As at 31-3-2023		As at 31-3-2023
Discount rate	**7.20%**	7.45%	**7.20%**	7.45%
Expected rate of salary increase	**9.00%**	7.00%	**5.00%**	5.00%
Attrition rate	**12.00%**	12.00%	**1.00%**	1.00%
Mortality rate during employement	**Indian Assured Lives Mortality (2012-14) Urban**	Indian Assured Lives Mortality (2012-14) Urban	**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:

	Gratuity Funded		**Post Retirement Medical Benefits**	
		2022-23		2022-23
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
Current service cost	**146.36**	127.43	**1.42**	—
Net interest expense	**(5.97)**	73.72	**2.66**	1.94
Components of defined benefit costs recognised in Statement of Profit and Loss	**140.39**	201.15	**4.08**	1.94

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

	Gratuity Funded		**Post Retirement Medical Benefits**	
		2022-23		2022-23
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
Actuarial (gains) / losses arising from changes in financial assumptions	**209.96**	(127.59)	**1.16**	(0.49)
Actuarial (gains) / losses arising from changes in demographic assumptions	**—**	—	**—**	—
Actuarial (gains) / losses arising from experience adjustments	**34.89**	(102.40)	**0.24**	8.06
Return on plan assets	**21.19**	(44.78)	**—**	—
Components of defined benefit costs recognised in other comprehensive income	**266.04**	(274.77)	**1.40**	7.57

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

38. Employee benefit expense (contd.)

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

	Gratuity Funded		**Post Retirement Medical Benefits**	
		As at 31-3-2023		As at 31-3-2023
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
Opening defined benefit obligation	**1,817.60**	1,914.26	**35.64**	26.13
Current service cost	**146.36**	127.43	**1.42**	—
Interest cost	**135.62**	77.32	**2.66**	1.94
Remeasurement (gains)/losses:				
Actuarial (gains) / losses arising from changes in financial assumptions	**209.96**	(127.59)	**1.16**	(0.49)
Actuarial (gains) / losses arising from changes in demographic assumptions	—	—	—	—
Actuarial (gains) / losses arising from experience adjustments	**34.89**	(102.40)	**0.24**	8.06
Benefits paid	**(188.43)**	(71.42)	—	—
Closing defined benefit obligation	**2,156.00**	1,817.60	**41.12**	35.64

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

	Gratuity Funded		**Post Retirement Medical Benefits**	
		As at 31-3-2023		As at 31-3-2023
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
Opening fair value of plan assets	**1,900.49**	1,919.47	**—**	—
Interest income	**141.59**	3.60	**—**	—
Remeasurement gain / (loss):				
Return on plan assets	**(21.19)**	44.78	**—**	—
Contributions from the employer	**99.94**	4.06	**—**	—
Benefits paid	**(188.43)**	(71.42)	**—**	—
Closing fair value of plan assets	**1,932.40**	1,900.49	**—**	—

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:

	Gratuity Funded		**Post Retirement Medical Benefits**	
		As at 31-3-2023		As at 31-3-2023
	₹ In Lakhs	₹ In Lakhs	**₹ In Lakhs**	₹ In Lakhs
Present value of funded defined benefit obligation at the end of the period	**(2,156.00)**	(1,817.60)	**(41.12)**	(35.64)
Fair value of plan assets at the end of the period	**1,932.40**	1,900.49	—	—
Net (liability)/asset arising from defined benefit obligation	**(223.60)**	82.89	**(41.12)**	(35.64)

38. Employee benefit expense (contd.)

(g) Sensitivity analysis:

	Gratuity Funded		Post Retirement Medical Benefits	
	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs	**₹ In Lakhs**	As at 31-3-2023 ₹ In Lakhs
Projected benefit obligation on current assumptions	**2,156.00**	1,817.60	**41.12**	35.64
+1% change in rate of discounting	**(98.62)**	(73.80)	**(1.09)**	(0.94)
-1% change in rate of discounting	**109.05**	81.02	**1.15**	1.00
+1% change in rate of salary increase	**106.13**	76.18	**(0.25)**	(0.21)
-1% change in rate of salary increase	**(97.92)**	(32.97)	**0.22**	0.19
+1% change in rate of employee turnover	**(13.18)**	1.66	**1.03**	0.89
-1% change in rate of employee turnover	**14.23**	(1.83)	**(0.99)**	(0.86)

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.

The average duration of the benefit obligation for active members as at 31st March, 2024 is 6 years (as at 31st March, 2023: 6 years).

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

	Gratuity Funded		Post Retirement Medical Benefits	
	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs	**₹ In Lakhs**	As at 31-3-2023 ₹ In Lakhs
Within 1 year	**303.65**	319.70	**0.41**	0.41
Between 1 and 2 years	**268.71**	245.11	**0.52**	0.52
Between 2 and 3 years	**258.98**	243.77	**0.54**	0.55
Between 3 and 4 years	**248.67**	218.38	**0.57**	0.57
Between 4 and 5 years	**287.11**	193.77	**0.70**	0.71
Beyond 5 years	**1,939.49**	1,468.84	**38.38**	32.88

39. Deferred tax assets and Reconciliation of tax expense

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
(a) Deferred tax assets	**3,002.67**	2,448.10
Reconciliation of deferred tax assets (net)		
Opening balance	**2,448.10**	3,379.68
Tax expense/ (income) during the period recognised in profit or loss	**487.26**	(853.77)
Tax expense/ (income) during the period recognised in OCI	**67.31**	(77.81)
Closing balance	**3,002.67**	2,448.10

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

39. Deferred tax assets and Reconciliation of tax expense (contd.)

(b) The balance comprise temporary differences attributable to:

₹ In Lakhs

	As at 31-3-2023	**(Charged) / credited to Statement of Profit and Loss**	**(Charged) / credited to OCI**	**As at 31-3-2024**
Allowance for receivables, loans and advances	2,082.76	501.01	—	**2,583.77**
Provision for employee benefits	155.12	30.50	67.31	**252.93**
Estimated loss on projects	28.35	10.38	—	**38.73**
Provision for contigencies and claims	140.38	(8.68)	—	**131.70**
Property, plant and equipment and intangible assets	8.59	(3.90)	—	**4.69**
Lease liabilities	0.44	3.04	—	**3.48**
Others	32.80	(20.95)	—	**11.85**
Deferred Tax Assets	**2,448.44**	**511.40**	**67.31**	**3,027.15**
Unrealised gains on fair valuation of Mutual Funds	—	(21.14)	—	**(21.14)**
Right-of-use assets	(0.34)	(3.00)	—	**(3.34)**
Deferred Tax Liabilities	**(0.34)**	**(24.14)**	**—**	**(24.48)**
Deferred Tax Assets/ (Liabilities) (net)	**2,448.10**	**487.26**	**67.31**	**3,002.67**

₹ In Lakhs

	As at 31-3-2022	(Charged) / credited to Statement of Profit and Loss	(Charged) / credited 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 contigencies and claims	52.20	88.18	—	140.38
Property, plant and equipment and intangible assets	22.23	(13.64)	—	8.59
Unutilised brought forward loss and unabsorbed depreciation	37.45	(37.45)	—	—
MAT credit entitlement	1,630.87	(1,630.87)	—	—
Lease liabilities	—	0.44	—	0.44
Others	13.38	19.42	—	32.80
Deferred Tax Assets	3,379.68	(853.43)	(77.81)	2,448.44
Right-of-use assets	—	(0.34)	—	(0.34)
Deferred Tax Liabilities	—	(0.34)	—	(0.34)
Deferred Tax Assets/ (Liabilities) (net)	3,379.68	(853.77)	(77.81)	2,448.10

(c) Reconciliation of tax expense and accounting profit multiplied by India's Domestic rate for 31st March, 2024 and 31st March, 2023 :

	₹ In Lakhs	2022-23 ₹ In Lakhs
Profit before tax	**28,777.75**	23,547.72
India's Statutory income tax rate	**25.17%**	29.12%
Income tax expense at India's Statutory income tax rate	**7,242.78**	6,857.10
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 (Refer Note 46)	**—**	(1,374.74)
Effect of non-deductible expenses	**26.46**	—
Others	**—**	(26.42)
Tax expense as per the statement of profit and loss	**7,269.24**	**5,903.69**

40. Disclosures under Ind AS 115

(a) Disaggregated revenue information

Disaggregation of the Company's revenue from contracts with customers are as follows:

		2022-23
	₹ In Lakhs	₹ In Lakhs
Segment - A (Electro - Mechanical Projects and Services)		
(i) Construction contract revenue	**2,23,626.85**	1,22,989.00
(ii) Sale of products	**807.45**	580.00
(iii) Sale of services	**3,301.98**	1,664.32
	2,27,736.28	1,25,233.32
Segment - B (Engineering Products and Services)		
(i) Construction contract revenue	**74.76**	197.16
(ii) Sale of products	**41,101.20**	34,117.61
(iii) Sale of services	**17,574.98**	17,191.71
	58,750.94	51,506.48
Total revenue from contracts with customers	**2,86,487.22**	1,76,739.80

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

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
(i) Amounts included in contract liabilities at the beginning of the year	**25,079.55**	9,215.28
(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 31-3-2023 ₹ In Lakhs
Revenue as per contracted price	**2,73,246.56**	1,54,114.95
Adjustments:		
Add: (i) Unbilled on account of work under certification	**39,773.16**	42,392.33
Less: (ii) Billing in excess of contract revenue	**(26,532.50)**	(19,767.49)
Revenue from contract with customers [Refer Note 26(A)]	**2,86,487.22**	1,76,739.80

(d) Timing of Revenue Recognition

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Revenue recognised at a point in time	**59,483.62**	51,889.32
Revenue recognised over the time	**2,27,003.60**	1,24,850.48
Revenue from contract with customers [Refer note 26(A)]	**2,86,487.22**	1,76,739.80

(e) Performance obligation

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March, 2024 is of ₹ 4,47,041.75 lakhs (31st March, 2023 : ₹ 4,24,092.26 lakhs), is expected to be recognised as revenue as follows:

	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Within one year	**3,34,246.65**	2,60,077.54
Within one to three years	**1,12,795.10**	1,64,014.72
Total performance obligation	**4,47,041.75**	4,24,092.26

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

41. 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.

Gearing Ratio

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

Particulars	Note	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs
Debt			
Non-Current Borrowing		—	—
Current Borrowing		—	—
Less: Cash and cash equivalents	13	**(17,768.82)**	(28,531.11)
Less: Other bank balances	14	**(2,500.00)**	—
Net debt		**(20,268.82)**	(28,531.11)
Equity Share Capital	16	**1,34,182.58**	1,34,182.58
Other Equity	17	**(72,374.56)**	(90,328.38)
Total equity		**61,808.02**	43,854.20
Gearing ratio		*	*

*Gearing ratio - is Nil in current year and previous year, considering Nil borrowings.

(B) Fair Value measurements

Financial instruments by category

₹ In Lakhs

Particulars	31st March, 2024					31st March, 2023				
	FVTPL	**FVTOCI**	**Amortised Cost**	**Total Carrying value**	**Total Fair value**	FVTPL	FVTOCI	Amortised Cost	Total Carrying value	Total Fair value
Financial assets										
Investments	18,088.60	—	—	18,088.60	18,088.60	—	—	—	—	—
Trade receivables	—	—	69,243.60	69,243.60	69,243.60	—	—	55,324.89	55,324.89	55,324.89
Cash and cash equivalents	—	—	17,768.82	17,768.82	17,768.82	—	—	28,531.11	28,531.11	28,531.11
Other balances with banks	—	—	2,500.00	2,500.00	2,500.00	—	—	—	—	—
Loans	—	—	8.28	8.28	8.28	—	—	5.59	5.59	5.59
Other financial assets	—	—	8,785.06	8,785.06	8,785.06	—	—	561.61	561.61	561.61
Total financial assets	**18,088.60**	**—**	**98,305.76**	**1,16,394.36**	**1,16,394.36**	—	—	84,423.20	84,423.20	84,423.20
Financial liabilities										
Lease Liabilities	—	—	13.83	13.83	13.83	—	—	1.73	1.73	1.73
Trade payables	—	—	67,385.18	67,385.18	67,385.18	—	—	63,126.64	63,126.64	63,126.64
Other financial liabilities	—	—	28.73	28.73	28.73	—	—	184.96	184.96	184.96
Total financial liabilities	—	—	**67,427.74**	**67,427.74**	**67,427.74**	—	—	63,313.33	63,313.33	63,313.33

Management has assessed that Cash and cash equivalents, Other balances with banks, Loans, Investments, Trade receivables, Other financial assets, Lease liabilities, Trade payables and Other financial liabilities carried at amortised cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

41. Financial instruments (contd.)

Abbreviations

FVTPL - Fair Value Through Profit or Loss. FVTOCI - Fair Value Through Other Comprehensive Income.

Fair value hierarchy

The fair value measurement hierarchy of the Company's assets and liabilities are as follows:

	Level 1		Level 2		Level 3	
		As at 31-3- 2023		As at 31-3- 2023		As at 31-3- 2023
	(₹ In Lakhs)	(₹ In Lakhs)	**(₹ In Lakhs)**	(₹ In Lakhs)	**(₹ In Lakhs)**	(₹ In Lakhs)
Financial assets						
At fair value through profit & loss						
- Investment	18,088.60	—	—	—	—	—
Total	**18,088.60**	—	—	—	—	—

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instrument by valuation techniques:

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

(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

The following methods and assumptions were used to estimate the fair values:

- The fair value of mutual funds are based on price quotations at the reporting date.

There were no transfers between Level 1 and 2 during the period.

(C) Finance risk management : Objectives and Policies

The Company's financial liabilities comprise of trade, lease liabilities and other payables. The Company's financial assets comprise of trade receivables, cash and cash equivalents, investments, other balances with banks and other financial assets.

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.

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 assets, cash and cash equivalents, other bank balances, 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.

For Mutual Fund Investments, counterparty risk are in place to limit the amount of credit exposure to any one counterparty. This, therefore, results in diversification of credit risk for Company's mutual fund investments.

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

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

41. Financial instruments (contd.)

The Credit risk on mutual fund investments, cash and cash equivalents, and other bank balances are limited as the counterparties are banks and fund houses with high-credit ratings assigned by credit rating agencies.

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to Credit risk is disclosed in Note 41(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 summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹ In Lakhs

Contractual maturities of financial liabilities (31st March, 2024)	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**5 years and more**	**Total**
Non-derivatives					
Lease Liabilities	**1.56**	**17.35**	—	—	**18.91**
Trade payables	**67,385.18**	—	**—**	**—**	**67,385.18**
Other financial liabilities	**28.73**	—	**—**	**—**	**28.73**
Total non-derivative liabilities	**67,415.47**	**17.35**	**—**	**—**	**67,432.82**

₹ In Lakhs

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

(iii) Market risk

(a) 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.

Given the portfolio of investments in debt mutual funds, the Company has exposure to interest rate risk with respect to returns realised. It is estimated that an increase in 25 bps change in 10 year Govt. bond yield would result in a loss of approximately ₹ 45.22 lakhs (31st March, 2023: Nil) whereas a decrease in 25 bps change in 10 year Govt. bond yield would result in a profit of approximately ₹ 45.22 lakhs (31st March, 2023: Nil). This estimate is based on key assumption with respect to seamless transition of rates across debt instruments in the market and also basis the duration of debt instruments in turn held by mutual funds that the Company has invested in.

(b) 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.

41. Financial instruments (contd.)

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

Particulars	Liabilities		Assets	
	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs	**₹ In Lakhs**	As at 31-3-2023 ₹ In Lakhs
United States Dollar (USD)	**39.13**	1,129.90	**4,163.78**	3,186.68
Australian Dollar (AUD)	**15.19**	6.40	**—**	—
Euro (EUR)	**71.43**	166.02	**308.03**	402.83
Pound Sterling (GBP)	**0.01**	187.82	**—**	—
Bhutanese Ngultrum (BTN)	**—**	—	**—**	0.08
Japanese Yen (JPY)	**275.61**	682.65	**171.51**	369.25

Foreign currency sensitivity

The following table 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	
	₹ In Lakhs	As at 31-3-2023 ₹ In Lakhs	**₹ In Lakhs**	As at 31-3-2023 ₹ In Lakhs
USD +5%	**206.23**	102.84	**154.33**	66.90
USD -5%	**(206.23)**	(102.84)	**(154.33)**	(66.90)
AUD +5%	**(0.76)**	(0.32)	**(0.57)**	(0.21)
AUD -5%	**0.76**	0.32	**0.57**	0.21
EUR +5%	**11.83**	11.84	**8.85**	7.70
EUR -5%	**(11.83)**	(11.84)	**(8.85)**	(7.70)
GBP +5%	**(0.00)**	(9.39)	**(0.00)**	(6.11)
GBP -5%	**0.00**	9.39	**0.00**	6.11
JPY +5%	**(5.21)**	(15.67)	**(3.90)**	(10.19)
JPY -5%	**5.21**	15.67	**3.90**	10.19
BTN +5%	**—**	(0.00)*	**(0.00)***	(0.00)*
BTN -5%	**—**	0.00*	**0.00***	0.00*

* amount less than ₹ 1,000/-

42. Aggregation of expenses disclosed in Consumption of materials, cost of jobs and services and Other expenses in respect of specific items is as follows: (Refer Note 32)

₹ In Lakhs

Nature of expenses	For the year ended 31st March, 2024		
	Consumption of materials, cost of jobs and services	**Other expenses**	**Total**
Legal and professional expenses	**64.79**	**298.58**	**363.37**
	—	(342.30)	(342.30)
Outside service charges	**4,131.76**	**1,606.60**	**5,738.36**
	(1,999.73)	(1,476.10)	(3,475.83)
Travelling and conveyance	**467.15**	**1,359.67**	**1,826.82**
	(68.14)	(1,042.99)	(1,111.13)
Printing and stationary	**58.21**	**75.91**	**134.12**
	—	(52.40)	(52.40)
Rent Expenses	**149.45**	**907.86**	**1,057.31**
	—	(562.76)	(562.76)
Insurance Charges	**266.93**	**389.78**	**656.71**
	(337.07)	(138.66)	(475.73)
Miscellaneous expenses	**463.07**	**969.69**	**1,432.76**
	(121.61)	(1,231.99)	(1,353.60)

Figures in brackets are of previous year.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

43. Leases

Company as a lessee

The Company has lease contracts for its office premises with lease term for 10 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, 2024 and 31st March, 2023 is as follows:

		As at 31-3-2023
	₹ In Lakhs	₹ In Lakhs
Balance at the beginning	**1.73**	14.45
Addition during the year	**13.89**	—
Accretion of interest	**0.47**	1.30
Payment of lease liabilities (principal plus interest)	**(2.27)**	(14.02)
Balance at the end	**13.83**	1.73
Non-current	**12.27**	—
Current	**1.56**	1.73

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

Depreciation on right-of-use assets	**1.97**	10.21
Interest expense on lease liabilities	**0.47**	1.30
Expenses relating to short-term leases [(Refer footnote (c)]	**1,089.54**	676.35
Total amount recognised in statement of profit and loss	**1,091.99**	687.86

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

Footnotes :

(a) The maturity analysis of lease liabilities are disclosed in Note 41 (C) (ii) 'Liquidity risk management'.

(b) The effective interest rate for lease liabilities is 9%, with maturity till 2030.

(c) Expense relating to short-term leases are disclosed under the head rent and clearing charges in other expenses (Refer Note 32).

(d) The Company had total cash flows for leases of ₹ 2.27 lakhs on 31st March, 2024 (31st March, 2023 : ₹ 14.02 lakhs).

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

44. Financial Ratio Analysis

Sr. No.	Ratio	Numerator	Denominator	31-3-2024	31-3-2023	% Change	Reason for variance/Remarks
1	Current Ratio	Current Assets	Current Liabilities	1.49	1.40	6.29%	
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	(100.00%)	No borrowing was taken/ outstanding during the year, therefore there was no interest cost incurred in the current year.
4	Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.41	(0.71)	157.51%	As at 31st March, 2022, the Company had a negative net worth on account of capital reserve recognised on transfer of business from Parent Company, therefore average shareholder's equity for computation of ratio as at 31st March, 2023 was negative, resulting into negative return on equity ratio.
5	Inventory Turnover Ratio	Cost of goods sold excluding cost of jobs and services of Segment - A (Electro - Mechanical Projects and Services)	Average Inventory	6.99	6.99	0.13%	
6	Trade Receivable Turnover Ratio	Revenue from Operations	Average Trade Receivable (Incl Contract Assets)	2.86	2.20	29.91%	Increase is on account of better cash collection management on project business.
7	Trade Payable Turnover Ratio	Cost of goods sold and other expenses	Average Trade Payables	3.66	2.47	47.96%	Increase is on account of increase in operations and better working capital management.
8	Net Capital Turnover Ratio	Revenue from Operations	Average Working Capital	6.22	4.52	37.45%	Increase is on account of better working capital management.
9	Net Profit Ratio	Net Profit	Revenue from operations	0.07	0.10	(24.63%)	

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

44. Financial Ratio Analysis (contd.)

Sr. No.	Ratio	Numerator	Denominator	31-3-2024	31-3-2023	% Change	Reason for variance/Remarks
10	Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net worth + Total long term borrowings + Deferred Tax Liability	0.48	0.54	(11.43%)	
11	Return on Investment						
(a)	Mutual Funds Investments	Gain on sale/ fair valuation of Mutual Fund	Monthly average investment in Mutual Funds	0.06	—	—	Increase is on account of investment made in mutual fund during the CY and profit earned on the same.
(b)	Fixed Income Investments	Interest Income	Monthly average investment in Fixed Income Instruments	0.06	—	—	Increase is on account of increase in investment in FD and interest earned on the same.

45. 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.

(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.

(ix) The Company has not been declared as Wilful defaulter by the bank, financial institution or any other lender.

(x) The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated through out the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled at the database level in relating to SAP accounting software. Further, no instance of audit trail feature being tampered with was noted in respect of the accounting software.

46. 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 had 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 had been incorporated in the financial statements at the carrying values.

(ii) The difference between carrying value of net assets acquired and consideration paid had 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, 2022 to 31st July, 2022 had 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, 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 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 had been adjusted in retained earnings as Contribution/ (Distribution).

(v) Profit earned on the transferred business during the restated period (i.e. 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 had been reclassified from retained earnings to capital reserve.

47. Events occuring after Balance Sheet

The Board of Directors have proposed a dividend of ₹ 0.50 per share after the balance sheet date which is subject to approval by the shareholders at the Annual General Meeting.

As per our report of even date
For **S R B C & CO LLP**
Chartered Accountants
(ICAI Firm Registration Number: 324982E/E300003)

per Aruna Kumaraswamy
Partner
Membership No. 219350

Mumbai, April 25, 2024

For and on behalf of the Board of Directors

Vinayak Deshpande
Chairman
(DIN: 00036827)

Pradeep Kumar Bakshi
Managing Director
(DIN: 02940277)

Ajay Pandya
Chief Financial Officer

Subodh Soni
Company Secretary

Mumbai, April 25, 2024

HI-VOLT ENTERPRISES PRIVATE LIMITED

Directors :

V. P. Malhotra
Dinesh Singh
Vinod Chandrashekar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors submit their Third Annual Report and Audited Accounts for the year ended 31st March, 2024.

1. **Results:**

   The Company has reported loss of ₹0.19 lakh for the year ended 31st March, 2024, 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, five Board Meetings were held on 18th April, 2023; 24th July, 2023; 12th October, 2023; 13th December, 2023 and 12th January, 2024.

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 year on 31st March, 2024 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 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 2023-24 do not contain any qualification, reservation or adverse remark.

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

   Pursuant to provision 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, 2024. 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 year under review. Since there are no 'material' contracts or arrangements or transactions during the year ended 31st March, 2024, 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 year ended 31st March, 2024.

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 team and 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, 2024 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 2023-24:**

During 2023-24, Company has not given any loan/ guarantee or made investment under Section 186.

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

During 2023-24, 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, 2024.

19. **Reporting of Fraud:**

During the year 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, 29th April, 2024

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, 2024, 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, 2024, 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 Directors' 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. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance

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

6. In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. 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, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of the internal financial controls 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, 2024.

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.

vi. Reporting under Rule 11(g) is not applicable since the Company is not using an accounting software to maintain the books of accounts. Hence, there is not Audit Trail.

(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 are not applicable.

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

Karan Vishwakarma
Partner
Membership No. 183499
UDIN : 24183499BKEMMS7710

Mumbai, 29th April, 2024

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, 2024

i. The Company did not hold any fixed assets during the period 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 of the Act. 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 period. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.

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

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT- 4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the Management, no whistle-blower complaints have been received during the period by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

xiii. The Company has 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 RBI and two CICs which are not required to be registered with the RBI.

xvii. The Company has incurred cash losses of ₹ 18,890/- as at 31st March, 2024.

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 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 : 24183499BKEMMS7710

Mumbai, 29th April, 2024

BALANCE SHEET AS AT 31ST MARCH, 2024

	Note	₹	As at 31st March, 2023 ₹
Assets			
Non-current Assets			
Financial assets		**—**	—
		—	—
Current Assets			
Financial assets			
Cash and cash equivalents			
(Balance with bank in Current Account)		**51,768**	70,658
Total		**51,768**	70,658
Equity and Liabilities			
Equity			
Equity share capital	3	**100,000**	100,000
Other equity	4	**(60,032)**	(41,142)
Total Equity		**39,968**	58,858
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		**51,768**	70,658
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, 29th April, 2024

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 29th April, 2024

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2024

	Note	₹	2022-23 ₹
Income			
Other income		**—**	—
Total Income		**—**	—
Expenses			
Finance cost		**—**	—
Depreciation		**—**	—
Other operating and general expenses	6	**18,890**	15,650
Total Expenses		**18,890**	15,650
Profit/ (Loss) before exceptional items and tax		**(18,890)**	(15,650)
Exceptional items		**—**	—
Profit/ (Loss) before tax		**(18,890)**	(15,650)
Tax expenses			
Current tax		**—**	—
Deferred tax		**—**	**—**
Total		**—**	**—**
Profit/ (Loss) after tax		**(18,890)**	(15,650)
Other comprehensive income			
Other comprehensive Income for the period		**—**	**—**
Total comprehensive Income for the period		**(18,890)**	(15,650)
Earnings per share:			
Basic and Diluted (₹) (Face Vale ₹10 per share)		**(1.89)**	(1.57)

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, 29th April, 2024

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 29th April, 2024

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2024

₹

Particulars		**Reserves and Surplus**			
	Equity Share Capital	**Securities Premium**	**General Reserve**	**Retained Earnings**	**Total**
Balance as at 31st March, 2022	100,000	—	—	(25,492)	74,508
Loss for the year ended 31st March, 2023	—	—	—	(15,650)	(15,650)
Balance as at 31st March, 2023	100,000	—	—	(41,142)	58,858
Less: Loss for the year ended 31st March, 2024	—	—	—	(18,890)	(18,890)
Balance as at 31st March, 2024	**100,000**	**—**	**—**	**(60,032)**	**39,968**

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, 29th April, 2024

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 29th April, 2024

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2024

			2022-23
		₹	₹
A.	**Cash Flow From Operating Activities**		
	Profit / (Loss) Before Tax	**(18,890)**	(15,650)
	Adjustments For :		
	Depreciation and Amortisation	—	—
		—	—
	Cash Operating Profit before working capital changes	**(18,890)**	(15,650)
	Adjustments for (increase) / decrease in Operating Assets:	—	—
	Adjustments for increase / (decrease) in Operating Liabilities:		
	Trade Payables	—	—
		—	—
	Cash Generated from Operating Activities	**(18,890)**	(15,650)
	Direct Taxes (Paid) / Refunded	—	—
	Net Cash Generated From Operating Activities (A)	**(18,890)**	(15,650)
B.	**Cash Flow From Investing Activities**		
	Net Cash Generated / (Used) In Investing Activities (B)	—	—
C.	**Cash Flow From Financing Activities**		
	Issue of Shares	—	—
	Net Cash Generated / (Used) In Financing Activities (C)	—	—
	Net Increase / (Decrease) In Cash and Cash equivalents (A + B + C)	**(18,890)**	(15,650)
	Cash and Cash Equivalents - Opening	**70,658**	86,308
	Cash and Cash Equivalents - Closing	**51,768**	70,658

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, 29th April, 2024

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 29th April, 2024

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

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.

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 years 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

(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 Statement):

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.

3. Share Capital

		As at 31st March, 2023
	₹	₹
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 year	**Changes in equity share capital during the current year**	**Balance at the end of the current reporting year**
1,00,000	—	1,00,000

2. Equity Share Capital - previous reporting year:

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

3. Share Capital (contd.)

3. Shareholding of Promoters:

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

4. Other Equity

		As at 31st March, 2023
	₹	₹
Retained Earnings		
Deficit at the beginning of the year	**(41,142)**	(25,492)
Add: Current year loss	**(18,890)**	(15,650)
Closing Retained Earnings	**(60,032)**	(41,142)
Reserves and Surplus Total	**(60,032)**	(41,142)

5. Other Financial Liabilities

		As at 31st March, 2023
	₹	₹
Other Payables		
Related Parties	**—**	—
Others	**11,800**	11,800
	11,800	11,800

6. Other Operating and General Expenses

		2022-23
	₹	₹
Rates and Taxes	**600**	900
Printing and Stationery	**—**	—
Professional Fees	**6,490**	2,950
Payment made to Statutory Auditors [Refer Footnote (a)]	**11,800**	11,800
	18,890	15,650

Footnote :

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

7. Going Concern:

The loss of the Company of ₹ 18,890/- for the year ended 31st March, 2024 is due to expenses related to statutory compliance activities. The promoter has 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

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

(b) Details of related party transactions during the year ended 31st March, 2024 and outstanding balances as at 31st March, 2024:

(Amount/₹)

Name of the Company	**31st March, 2024**	31st March, 2023
Companies having Significant Influence		
Voltas Limited	**Nil**	Nil

11. Particulars of Earnings Per Share:

(Amount/₹)

Particulars	**31st March, 2024**	31st March, 2023
Net profit/(loss) for the period as per the Statement of profit and loss	**(18,890)**	(15,650)
Profit/(loss) available to equity share holders	**(18,890)**	(15,650)
Weighted average number of equity shares	**10,000**	10,000
Nominal Value per share	**10**	10
Earnings per share – Basic & Diluted	**(1.89)**	(1.57)

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.

   (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 have 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

12. Recent accounting pronouncements: (contd.)

(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 the 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 2023-24**	FY 2022-23	**Formula**
Current Ratio	**4.38**	5.99	Current Assets / 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	**(0.19)**	(0.16)	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	**(19%)**	(16%)	EBIT / * Average Equity + Average Debt + Average Leases
Return on investment	**NA**	NA	NA

The Company is yet to commence operations and the expenses incurred pertain 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, 29th April, 2024

For and on behalf of the Board

V. P. Malhotra
Director
DIN : 02350473

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 03069993
Mumbai, 29th April, 2024

VOLTAS SOCIAL DEVELOPMENT FOUNDATION

Directors :

Pradeep Kumar Bakshi
Dinesh Singh
Vinod Chandrashekar

DIRECTORS' REPORT
TO THE MEMBERS

The Directors submit their First Annual Report and Audited Accounts for the period ended 31st March, 2024.

Overview:

1. Voltas Social Development Foundation was incorporated on 12th December, 2023 as a Section 8 company to engage in promoting, maintaining, operating healthcare facility and other community development activities. The Registered Office of the Company is situated at Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai 400 033.

2. The Authorized Share Capital and Paid-up Capital of the Company is Rs.10 lakhs comprising 1,00,000 Equity Shares of Rs.10 each. The entire paid-up capital is held by Voltas Limited. Thus, the Company is a wholly-owned subsidiary of Voltas Limited.

3. The Company has received Orders from the Income Tax Authorities granting registrations under Section 12A on 29th January, 2024 and under Section 80G on 5th February, 2024 for Assessment Years 2024-25 to 2026-27.

4. The Company has reported loss of Rs.1.26 lakhs for the period ended 31st March, 2024, primarily towards preliminary expenses and other standing charges.

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

   During the period under review, two Board Meetings were held on 4th January, 2024 and 9th February, 2024.

6. **Corporate Social Responsibility:**

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

7. **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, 2024 till the date of Directors' Report, which could affect the financial position of the Company.

8. **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.

9. **Statutory Auditors:**

   It is proposed to reappoint M/s. Damji Merchant & Co, Chartered Accountants (Firm Registration No.0102082W), the present Auditors of the Company for a term of five years to examine and audit the accounts of the Company for the financial years 2024-25 to 2028-29. The Auditors have pursuant to Section 139 of the Companies Act, 2013, given their consent and confirmed that their appointment would be in accordance with the conditions prescribed in the Act. The Auditors' Report for the financial period ended 31st March, 2024 does not contain any qualification, reservation or adverse remarks.

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

    Pursuant to the provisions of Sections 92 and 134(3)(a) of the Companies Act, 2013 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.

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

    The 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 period ended 31st March, 2024. There was no foreign exchange earnings and outgo during the period under review.

12. **Directors:**

    In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Pradeep Kumar Bakshi, Mr. Dinesh Kanhaiya Singh and Mr. Vinod Chandrashekar (nominees of Voltas Limited) are the first Directors of the Company and their appointment was confirmed and ratified at the Board Meeting of the Company held on 4th January, 2024. It is proposed to seek the approval of the Shareholders for appointment of the aforesaid Directors at the First Annual General Meeting.

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

    All related party transactions during the period under review were in the ordinary course of business and satisfied the test of arm's length. There are no 'material' contracts or arrangement or transactions during the period ended 31st March, 2024 and thus, disclosure in Form AOC-2 is not required.

14. **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.

15. **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).

16. **Directors' Responsibility Statement:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the team and 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, 2024 and of the deficit 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.

17. **Risk Management:**

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

18. **Particulars of loans, guarantees or investments under Section 186 of the Act during 2023-24:**

During 2023-24, Company has not given any loan/ guarantee or made investment under Section 186 of the Companies Act, 2013.

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

During 2023-24, no application was made or proceeding is pending against the Company under Insolvency and Bankruptcy Code, 2016.

20. **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, 2024.

21. **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 Companies Act, 2013

On behalf of Board of Directors

Pradeep Kumar Bakshi

Director

DIN: 02940277

Dinesh Singh

Director

DIN: 08132285

Mumbai, 3rd May, 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

VOLTAS SOCIAL DEVELOPMENT FOUNDATION

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of VOLTAS SOCIAL DEVELOPMENT FOUNDATION ("the Company"), which comprise the Balance Sheet as at 31st March, 2024, the Statement of Income and Expenditure, the Statement of Cash Flows and Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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:

(i) In the case of Balance Sheet, the state of affairs of the Ind AS Company as at 31st March, 2024;

(ii) In the case of Statement of Income and Expenditure, of the deficit for the period ended 31st March, 2024;

(iii) In case of the Statement of Cash Flows, of the cash flows for the period ended on that date;

(iv) In case of Statement of Changes in Equity, the change in Equity for the period ended on that date.

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the act. Our responsibilities under those 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Board of Directors is responsible for the information other than the Ind AS Financial Statements and Auditor's Report thereon. The Other Information comprises the Directors' Report including Annexures to Directors' Report (collectively called as "Other Information") but does not include the Ind AS 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 Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Other Information, if, we conclude that there is a material misstatement therein; we are required to communicate the matters to those charged with governance. We have nothing to report in this regard.

Responsibility of Management for the Standalone 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 Standalone Ind AS 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") prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Standalone 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.

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

Auditor's responsibility on the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements 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 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Standalone Ind AS Financial Statements.

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

(i) The Companies (Auditor's Report) Order (CARO), 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, is not applicable to Company as per para 1(2)(iii) of the Order.

(ii) As required by sub-section (3) of Section 143 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 Income and Expenditure, Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the applicable Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

(e) On the basis of the written representations received from the directors as on 31st March, 2024 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164(2) of the Act;

(f) Reporting on the Internal Finance Controls over the financial reporting of the Company and the operating effectiveness of such controls as stated in explanation to Section 143(3)(i) of the Companies Act, 2013 refer to our separate report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with 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.

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

(i) The Company does not have any pending litigations which would impact its financial position in its standalone Ind AS Financial Statements.

(ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise;

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

(iv) (a) In our opinion, the Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested by the Company to or in any other person(s) or entities, including foreign entities with the understanding, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entities, including foreign entities, with the understanding, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on such audit procedures which 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 mis-statement.

(d) Reporting under Rule 11(g) is not applicable since the Company is not using an accounting software to maintain the books of accounts. Hence, there is no Audit Trail.

(v) The Company did not declare or paid dividend during the year, hence compliance with Section 123 of the Companies Act, 2013 is not applicable to the Company.

For **Damji Merchant and Co.**
Chartered Accountants
Firm's Registration No. 102082W

Karan Vishwakarma
Partner
Membership No.183499
UDIN :- 24183499BKEMMR1556

Mumbai, 3rd May, 2024

Annexure "A" to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of VOLTAS SOCIAL DEVELOPMENT FOUNDATION ("the Company") as of 31st March, 2024, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the period ended 31st March, 2024.

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") ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2024, 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.

For **Damji Merchant and Co.**
Chartered Accountants
Firm's Registration No. 102082W

Karan Vishwakarma
Partner
Membership No.183499
UDIN :- 24183499BKEMMR1556

Mumbai, 3rd May, 2024

BALANCE SHEET AS AT 31ST MARCH, 2024

	Note	As at 31-3- 2024 ₹
Assets		
Non-current Assets		**—**
		—
Current Assets		
Cash and cash equivalents	3	**8,94,806**
Total Assets		**8,94,806**
Equities and Liabilities		
Equity		
Equity share capital	4	**10,00,000**
Other equity	5	**(1,25,544)**
Total Equity		**8,74,456**
Non-current Liabilities		**—**
Current Liabilities		
Other Current Liabilties	6	**20,350**
		20,350
Total Equity and Liabilities		**8,94,806**

See accompanying Notes forming 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, 3rd May, 2024

For and on behalf of the Board of Directors

Pradeep Kumar Bakshi
Director
DIN: 02940277

Dinesh Singh
Director
DIN: 08132285

Vinod Chandrashekar
Director
DIN: 03069993
Mumbai, 3rd May, 2024

STATEMENT OF INCOME AND EXPENDITURE FOR THE PERIOD ENDED 31ST MARCH, 2024

	Note	Period from 12-12-2023 to 31-3- 2024 ₹
Income		
Grant Income		—
Other income		—
Total Income		—
Expenditure		
Other Expenses	7	**1,25,544**
Total Expenditure		**1,25,544**
Surplus/(Deficit) befoe tax for the period		**(1,25,544)**
Tax expenses		
Current tax		—
Deferred tax		—
Total		**(1,25,544)**
Other comprehensive income		
Items that will not be reclassified to Statement of Income and Expenditure		—
Total comprehensive Income for the period		**(1,25,544)**
Earnings Per Equity Share (₹)		
Basic and Diluted (face value ₹ 10 per share)		**(1.25)**

See accompanying Notes forming 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, 3rd May, 2024

For and on behalf of the Board of Directors

Pradeep Kumar Bakshi
Director
DIN: 02940277

Dinesh Singh
Director
DIN: 08132285

Vinod Chandrashekar
Director
DIN: 03069993
Mumbai, 3rd May, 2024

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2024

₹

Particulars		Other Equity			
	Equity Share Capital	Surplus/ (Deficit) from Income & Expenditure Account	Other Comprehensive Income	Total Other Equity	Total
	Refer Note 4	Refer Note 5			
Balance as at 12th December, 2023	—	—	—	—	—
Add: Capital subscription during the period	10,00,000	—	—	—	10,00,000
Add: Surplus/(Deficit) during the period	—	(1,25,544)	—	(1,25,544)	(1,25,544)
Add: Other Comprehensive Income during the period	—	—	—	—	—
Balance at the end of the period	**10,00,000**	**(1,25,544)**	**—**	**(1,25,544)**	**8,74,456**

See accompanying Notes forming 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, 3rd May, 2024

For and on behalf of the Board of Directors

Pradeep Kumar Bakshi
Director
DIN: 02940277

Dinesh Singh
Director
DIN: 08132285

Vinod Chandrashekar
Director
DIN: 03069993
Mumbai, 3rd May, 2024

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2024

		Period from 12-12-2023 to 31-3- 2024 ₹
A.	**Cash Flow From Operating Activities**	
	Excess of income over Expenditure for the Year	**(1,25,544)**
	Working capital changes:	
	Increase / (Decrease) Trade Payables	**20,350**
	(Increase) / Decrease in other current assets	—
	Cash generated from Operations	**(1,05,194)**
B.	**Cash Flow From Investing Activities**	—
	Cash generated from Investing Activity	—
C.	**Cash Flow From Financing Activities**	
	Capital Contribution	**10,00,000**
	Cash generated from Financing Activity	**10,00,000**
	Net Increase / (Decrease) in Cash & Cash Equivalents	**8,94,806**
	Cash & Cash Equivalents at the begiging of the period	—
	Cash & Cash Equivalents at the end of the period	**8,94,806**
	Details of Cash & Cash Equivalents at the end of the period	
	Balance with Banks	**8,94,806**
	Cash & Cash Equivalents at the end of the period	**8,94,806**

See accompanying Notes forming 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, 3rd May, 2024

For and on behalf of the Board of Directors

Pradeep Kumar Bakshi
Director
DIN: 02940277

Dinesh Singh
Director
DIN: 08132285

Vinod Chandrashekar
Director
DIN: 03069993
Mumbai, 3rd May, 2024

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024

1. COMPANY INFORMATION

Voltas Social Development Foundation ("the Company") has been incorporated under Section 8 of the Companies Act, 2013 limited by shares. The Company is registered u/s 12AA of the Income Tax Act, 1961. The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

2.2 Basis of preparation and presentation of financial statements

The financial statements of the Company are prepared on accrual basis and going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value at end of each reporting period. Historical cost is generally based on fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

2.3 Use of Estimates

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. 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 future periods are affected.

2.4 Employee Benefits

2.4.1 *Short Term Employee Benefits*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, short term compensated absences etc. and the expected cost of ex-gratia and performance bonus are recognised in the period in which the employee renders the related service.

2.4.2 *Post Employment Benefits*

A. Defined Contribution Plans

Payments to defined contribution plans are charged as an expense as they become due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

B. Defined Benefit Plans

The unfunded gratuity scheme is a defined benefit plan. The gratuity plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective last drawn salary and the number of years of employment with the Company. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Remeasurement comprising of actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (wherever applicable) is recognized immediately in the period in which they occur in OCI and is reflected in retained earnings and is not eligible to be reclassified to income or expenditure in subsequent periods.

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

- Service cost including current service cost, past service cost and gains and losses on curtailments and settlements; and
- Net interest expense or income.

For the purpose of presentation, the allocation between short and long term provisions has been made as determined by an actuary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024 (contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.5 Revenue Recognition

2.5.1 *Revenue from Donations/Grants*

Revenue from donations/grants are recognised upon compliance with the significant condition, if any, and where it is reasonable to expect ultimate collection. Amounts received with a specific direction from donors that such amounts shall form part of the Corpus of the Foundation are credited as Corpus Fund in Balance Sheet. Donation is received and applied for objects as mentioned in Memorandum of Association of the Company.

2.5.2 *Interest income/Income from Investments*

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

2.6 Taxation

Current tax

Current tax is the expected tax payable/receivable on the taxable income/loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years. 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 net basis. The Company is exempt from Income Tax under Section 12AA of the Income Tax Act, 1961 and hence no provision for taxation is required for current year tax expense. As, the Company is exempt from Income Tax, no deferred tax (asset or liability) is recognised in respect of timing differences.

2.7 Provisions, Contingent liabilities

2.7.1 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.7.2 *Contingent liabilities*

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made. Contingent liabilities are disclosed and not recognised. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company.

2.8 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transactions cost that are directly attributable to the acquisition or issue of financial assets and financial liabilities [other than financial assets and financial liabilities carried at fair value through income & expenditure (FVTIE)] 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 carried at FVTIE are recognised immediately in the Statement of Income & Expenditure.

2.9 Financial Assets

2.9.1 *Classification*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through income or expenditure), and
- those measured at amortised cost.

The classification depends on the Company's business model or managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of income and expenditure or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.9.2 *Recognition*

Regular way purchase and sale of financial assets are recognised on trade-date, being the date on which the Company commits to purchase or sale of financial asset.

2.9.3 *Measurement*

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 income or expenditure, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through income or expenditure are expensed in the statement of income & expenditure.

2.9.4 *Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of income and expenditure. Dividends from such investments are recognised in the statement of income and expenditure as other income when the entity's right to receive payments is established.

Changes in the fair value of financial assets at fair value through income or expenditure are recognised in other gain/ (losses) in the statement of income and expenditure. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.9.5 *Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.9.6 *Derecognition of financial assets*

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

2.10 Financial liabilities and equity instruments

2.10.1 *Classification*

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

2.10.2 *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

2.10.3 *Financial liabilities*

Financial liabilities are subsequently measured at amortised cost using effective interest method or at fair value through income or expenditure (FVTIE). Financial liabilities that are not held for trading and are not designated as at FVTIE are measured at amortised cost.

2.10.4 *Trade and other payables*

These amounts represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, Cash and cash equivalents includes cash on hand , cheques/ drafts on hand and short term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024 (contd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

2.12 Property, Plant and Equipment

An item of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to income or expenditure during the reporting period in which they are incurred.

Gains or losses arising on retirement or disposal of assets are recognised in the Statement of Income and Expenditure.

Depreciation is recognised so as to write off the cost of assets less their residual values over the useful lives, using the straight-line method.

Depreciation of assets commences when the assets are ready for their intended use. The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes is accounted as change in estimate on a prospective basis. Estimated useful lives of the assets are as per Schedule II of Companies Act, 2013. All assets less than ₹25,000 are depreciated over 12 months.

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

The Company also reviews its property, plant and equipment, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding transactions, conducted at length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of the assets.

2.13 Use of significant estimates and judgements

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the separate financial statements and the reported amounts of income and expense for the periods presented. 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.

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 future periods are affected.

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 included in the following notes:

(i) Useful lives of Property, plant and equipment.

(ii) Estimates used in Actuarial valuation of employee benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024 (contd.)

Note 3 : Cash and Cash Equivalents:

		As at 31-3-2024 ₹
(a)	Balance with Bank	**8,94,806**
(b)	Cash in hand	—
		8,94,806

Note 4 : Equity Share Capital:

	As at 31-3-2024 ₹
Authorised:	
1,00,000 Equity Shares of ₹ 10 each	**10,00,000**
Issued, subscribed and fully paid up:	
1,00,000 Equity Shares of ₹ 10 each	**10,00,000**

Shares held by the Holding company and ultimate holding company:

	₹
Voltas Limited and its Nominee	**10,00,000**

Details of Shareholders holding more than 5% shares in the Company

	No. of Shares	₹ % of holding
Voltas Limited (Holding company) and Nominee	**1,00,000**	**100%**

Details of Shares held by Promoter and Promoter Group at the end of the period

	No. of Shares	₹ % of holding
Voltas Limited	**1,00,000**	**100%**

Note 5 : Other Equity:

	As at 31-3-2024 ₹
At the beginning of the period	—
Add: Deficit for the period	**(1,25,544)**
At the end of the period	**(1,25,544)**

Note 6 : Other Current Liabilities:

	As at 31-3-2024 ₹
Duties and Taxes	**11,500**
Audit Fees Payable	**8,850**
	20,350

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024 (contd.)

Note 7 : Other Expenses:

		Period from 12-12-2023 to 31-3- 2024 ₹
(a)	Professional Fees paid	**1,15,000**
(b)	Reimbursement of expenses	**1,694**
(c)	Audit Fees	**8,850**
		1,25,544

8. The related party relationships have been determined on the basis of the requirements of the Ind AS 24 'Related Party Disclosures'.

   (a) Name of related party and nature of relationship

      (i) Where control exists:

      Holding company: Voltas Limited

      (ii) Directors of the Company:

      Mr. Pradeep Kumar Bakshi

      Mr. Dinesh Singh

      Mr. Vinod Chandrashekar

   (b) Particulars of transactions with related party during the period between 12th December, 2023 and 31st March, 2024:

	Amount in ₹
Capital Contribution Received	
Voltas Limited	**10,00,000**

9. There are no contingent liabilities as on 31st March, 2024.

10(a). 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, (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

10(b). No funds have been received by the Company from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, that the Company shall, (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024 (contd.)

11. Ratios:

Particulars	31st March, 2024
Current Ratio (No. of times)	
Current Assets/ Current Liabilities	43.97

The following ratios are not applicable to the entity since the Company is Not for Profit Organisation or does not have the relevant transactions:

(i) Debt Equity ratio

(ii) Debt Service coverage ratio

(iii) Inventory Turnover ratio

(iv) Trade Receivables turnover ratio

(v) Trade Payable turnover ratio

(vi) Net Capital turnover ratio

(vii) Return on Investment

(viii) Net Profit ratio

(ix) Return on Capital employed

(x) Return on equity.

12. The Company does not have any immovable property hence, the details as required in this regard are not applicable.

13. The Company has not revalued its Property, Plant & Equipment and hence, the details as required in this regard are not applicable.

14. The Company has not granted any loans or advances in nature of loans to promoters/directors/ KMPs and the related parties either severally or jointly with any other person, that are

(a) Repayable on Demand or

(b) Without specifying any terms of period of repayment

15. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

16. The Company does not have borrowings from Banks or Financial institutions on the basis of security of current assets and hence, the details as required in this regard are not applicable.

17. The Company has not been declared Wilful defaulter by any bank or financial institution or Government or Government authority.

18. The Company has no transactions during the period nor have any outstanding receivables or payable from the companies which are struck off under Companies Act, 2013 or Companies Act, 1956.

19. The Company does not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period and hence, the details as required in this regard are not applicable.

20. The Company does not have any subsidiary and therefore provision regarding the number of layers prescribed under Section 2 (87) of the Act read with the Companies (Restriction on number of layers) Rules, 2017 is not applicable to the Company. Hence, the details as required in this regard are not applicable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2024 (contd.)

21. The Company has not entered into any scheme of arrangement which has an accounting impact on current financial period.

22. Undisclosed income:

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

23. Corporate Social Responsibility (CSR):

    The Company was not required to spend any amount towards CSR and hence, the details as required in this regard are not applicable.

24. Details of Crypto Currency or Virtual Currency:

    The Company has not traded or invested in Crypto Currency or Virtual Currency during the current financial period and hence, the details as required in this regard are not applicable.

25. The Company is not using an accounting software to maintain books of account.

26. There are total seven Core Investment Companies as part of the Group.

27. The Company has been incorporated on 12th December, 2023 as Company Limited by Share Capital. The Company is registered under Section 8 of the Companies Act, 2013 and granted registration under Section 12A and 80G of the Income tax Act, 1961. The Company expects to receive grants/donations from Voltas Limited and its group companies as part of their Corporate Social Responsibility plan and also from other companies and individuals to help Society and the Community.

28. As regard Notes to the Financial statements and other information as required to be disclosed under Schedule III of the Companies Act, 2013 not included above, are either NIL or Not Applicable to the Company.

For **Damji Merchant & Company**
Chartered Accountants
Firm Registration No. 0102082W

Karan Vishwakarma
Partner
Membership No. 183499
Mumbai, 3rd May, 2024

For and on behalf of the Board of Directors

Pradeep Kumar Bakshi
Director
DIN : 02940277

Dinesh Singh
Director
DIN : 08132285

Vinod Chandrashekar
Director
DIN : 030639993
Mumbai, 3rd May, 2024

WEATHERMAKER FZE

(FORMERLY KNOWN AS WEATHERMAKER LIMITED)

Directors :

Jitender Pal Verma

A. R. Suresh Kumar

DIRECTORS' REPORT
TO THE MEMBERS

The Directors present their Thirty First Annual Report and Accounts for the year ended 31st December, 2023.

2. The Company has reported higher turnover of United Arab Emirates Dirham (AED) 13.409 million for the year ended 31st December, 2023, as compared to AED 12.673 million in the previous year. However, increase in sub-contract costs impacted the profitability resulting in the Company reporting loss of AED 0.483 million for the year under review. Loss reported during the previous year was AED 1.561 million.

3. The Company has booked orders worth AED 20.253 million during the year and the overall order book position as at 31st December, 2023, was AED 7.485 million.

4. The Directors do not recommend any dividend for the year ended 31st December, 2023 (Previous year: Nil).

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

Directors

Jitender Pal Verma
A. R. Suresh Kumar

Dubai, 21st March, 2024

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** (the "Establishment"), which comprise the statement of financial position as at 31st December, 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 give a true and fair view of the financial position of the Establishment as at 31st December, 2023, 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, 21st March, 2024

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

	Notes	AED	2022 AED	₹ in '000s	2022 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**21,20,171**	20,51,767	**48,022**	46,227
Intangible assets	7	**10,244**	7,420	**232**	167
		21,30,415	20,59,187	**48,254**	46,394
CURRENT ASSETS					
Inventories	8	**20,69,222**	28,71,277	**46,869**	64,690
Trade and other receivables	9	**1,07,88,121**	1,16,61,431	**2,44,351**	2,62,732
Other current assets	10	**6,44,516**	9,64,890	**14,598**	21,739
Other financial assets	12	—	7,00,000	—	15,770
Cash and cash equivalents	13	**23,13,486**	13,25,939	**52,400**	29,873
		1,58,15,345	1,75,23,537	**3,58,218**	3,94,804
TOTAL ASSETS		**1,79,45,760**	1,95,82,724	**4,06,472**	4,41,198
EQUITY AND LIABILITIES					
EQUITY FUNDS					
Share capital	14	**15,00,000**	15,00,000	**33,975**	33,795
Retained earnings		**1,15,53,441**	1,20,18,393	**2,61,685**	2,70,774
		1,30,53,441	1,35,18,393	**2,95,660**	3,04,569
NON-CURRENT LIABILITIES					
Provision for staff end-of-service benefits	15	**4,47,027**	4,09,591	**10,125**	9,228
Lease liabilities	16	**17,60,868**	17,95,507	**39,884**	40,453
		22,07,895	22,05,098	**50,009**	49,681
CURRENT LIABILITIES					
Trade and other payables	17	**17,91,992**	31,79,503	**40,589**	71,634
Other current liabilities	18	**8,57,793**	6,19,437	**19,429**	13,956
Lease liabilities	16	**34,639**	60,293	**785**	1,358
		26,84,424	38,59,233	**60,803**	86,948
TOTAL LIABILITIES		**48,92,319**	60,64,331	**1,10,812**	1,36,629
TOTAL EQUITY AND LIABILITIES		**1,79,45,760**	1,95,82,724	**4,06,472**	4,41,198

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 = ₹ 22.65 being the exchange rate prevailing as on 31st December, 2023. Previous year figures have been converted @ 1 AED = ₹ 22.53 being the exchange rate prevailing as on 31st December, 2022.

Directors **Jitender Pal Verma**

Dubai, 21st March, 2024 **A. R. Suresh Kumar**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Notes	AED	2022 AED	₹ in '000s	2022 ₹ in '000s
Revenue	20	**1,34,08,785**	1,26,72,872	**3,02,904**	2,71,326
Cost of sales	21	**(1,22,15,422)**	(1,24,71,089)	**(2,75,946)**	(2,67,006)
Gross profit		**11,93,363**	2,01,783	**26,958**	4,320
Other income	22	**9,01,096**	13,64,712	**20,356**	29,218
Distribution costs	23	**(10,55,747)**	(10,84,358)	**(23,849)**	(23,216)
Administrative expenses	24	**(14,38,654)**	(16,84,636)	**(32,499)**	(36,068)
Reversal of impairment provision of / (impairment of) financial assets	25	**25,932**	(2,45,007)	**586**	(5,246)
Finance costs	26	**(1,09,446)**	(1,14,370)	**(2,472)**	(2,449)
LOSS FOR THE YEAR		**(4,83,456)**	(15,61,876)	**(10,920)**	(33,441)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
- Actuarial gain recognised		**18,504**	1,87,688	**418**	4,019
Total Comprehensive income for the year		**(4,64,952)**	(13,74,188)	**(10,502)**	(29,422)

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 = ₹ 22.59 being the average of the exchange rates prevailing as on 31st December, 2023 (1 AED = ₹ 22.65) and as on 31st December, 2022 (1 AED = ₹ 22.53). Previous year figures have been converted @ 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).

Directors **Jitender Pal Verma**

Dubai, 21st March, 2024 **A. R. Suresh Kumar**

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

	Share capital		Retained earnings		Total	
	AED	**₹ in '000s**	**AED**	**₹ in '000s**	**AED**	**₹ in '000s**
Balance at 1st January, 2022	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
Total comprehensive income for the year						
- Loss for the year	—	—	(4,83,456)	(10,920)	(4,83,456)	(10,920)
- Other comprehensive income	—	—	18,504	418	18,504	418
Balance at 31st December, 2023	**15,00,000**	**33,975**	**1,15,53,441**	**2,61,685**	**1,30,53,441**	**2,95,660**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2023

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Loss for the year	**(4,83,456)**	(15,61,876)	**(10,920)**	(33,441)
Adjustments for:				
Depreciation of property, plant and equipment	**1,60,376**	2,55,845	**3,623**	5,478
Amortisation of intangible assets	**336**	6,386	**8**	137
Finance costs	**1,09,446**	1,14,370	**2,472**	2,449
(Reversal of) / allowance for impairment of financial assets	**(25,932)**	2,45,007	**(586)**	5,246
Provision for staff end-of-service gratuity	**88,991**	1,55,434	**2,010**	3,328
	(1,50,239)	(7,84,834)	**(3,393)**	(16,803)
Changes in:				
- Inventories	**8,02,055**	9,06,622	**17,822**	11,964
- Trade and other receivables	**8,99,242**	14,31,966	**18,847**	658
- Other current assets	**3,20,374**	8,417	**7,141**	(1,991)
- Other current financial assets	**7,00,000**	22,954	**15,771**	(1,102)
- Trade and other payables	**(13,87,511)**	(8,61,449)	**(31,046)**	(10,357)
- Other current liabilities	**2,38,356**	(70,185)	**5,473**	(37)
Staff end-of-service gratuity paid	**(51,892)**	(4,76,385)	**(1,172)**	(10,199)
Net cash from operating activities	**13,70,385**	1,77,106	**31,039**	3,990
Cash flows from investing activities				
Payments for property, plant and equipment	**(1,90,799)**	(22,726)	**(4,310)**	(487)
Payments for intangible assets	**(3,160)**	—	**(71)**	—
Net cash used in investing activities	**(1,93,959)**	(22,726)	**(4,393)**	(512)
Cash flows from financing activities				
Payment of lease liabilities	**(1,88,879)**	(1,77,932)	**(4,267)**	(3,810)
Net cash used in financing activities	**(1,88,879)**	(1,77,932)	**(4,278)**	(4,009)
Net increase / (decrease) in cash and cash equivalents	**9,87,547**	(23,552)	**22,527**	2,492
Cash and cash equivalents at beginning of year	**13,25,939**	13,49,491	**29,873**	27,381
Cash and cash equivalents at end of year (Note 13)	**23,13,486**	13,25,939	**52,400**	29,873

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

1. LEGAL STATUS AND BUSINESS ACTIVITY

(a) **WEATHERMAKER FZE** ("the Establishment") is a free zone establishment under the applicable provisions of Jebel Ali Free Zone Companies Implementing Regulations 2016. The Company 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. During the year 2021, the name of Establishment was changed from Weathermaker Limited 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 & nails, insulation and protection materials, pipes and fittings, fibre glass products and building metal products.

(c) The parent company is Voltas Limited, a listed company (BSE and NSE) incorporated in India, which is considered to be the ultimate parent company. The deemed beneficial owner is Voltas Limited, represented by Mr. Pradeep Kumar Bakshi.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1st January, 2023 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:

- IFRS 17 – Insurance Contracts;
- Amendments to IFRS 17 – Insurance Contracts;
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 and IFRS Practice Statement 2- Disclosure of Accounting Policies;
- Amendments to IAS 8 – Definition of Accounting Estimates;
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules.

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 – Non-current Liabilities with Covenants (1st January, 2024);

2. BASIS OF PREPARATION (contd.)

- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangement (1st January, 2024);
- Amendments to IFRS 16 – Lease Liability in Sale and Leaseback (1st January, 2024);
- Amendments to IAS 21 – Lack of Exchangeability (1st January, 2025);
- IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information and IFRS S2 Climate Related Disclosures*.
- 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)

(*) Effective upon adoption by applicable regulatory authority.

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 derecognised, 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 Note 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 derecognised.

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.

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.

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

2. BASIS OF PREPARATION (contd.)

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

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 recognized 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 realizable 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. 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, 2023, 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' expected service life with the Establishment and the expected basic salary as at the date of leaving the service. Provision for staff end-of-services benefits are disclosed as non-current liability.

Provision is also made for employees' entitlement to annual leave and air fare for eligible employees as per the policy of the Establishment. Provision relating to annual leave and air fare 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.

3. SIGNIFICANT ACCOUNTING POLICIES (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, 2023 (contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (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) Contingencies and commitments

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

(m) Value added tax

As per Federal Decree-Law No. (08) of 2017, Value Added Tax (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 charges and recovers Value Added Tax (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.

(n) Income and deferred tax

Tax expense for the year comprises of current tax and deferred tax. Current tax is measured by the amount of tax expected to be paid to the taxation authorities on the taxable profits after considering tax allowances and exemptions and using applicable tax rates and laws. Deferred tax is recognised on temporary differences between the accounting base and the tax base for the year and quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

Deferred tax is recognised using the balance sheet approach. Deferred 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 the financial statements, except when the deferred tax arises from the initial recognition of goodwill or 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 tax asset is recognised to the extent 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. Deferred tax liabilities are recognised for all taxable temporary differences.

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

(o) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

- 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.

(p) Financial instruments

Classification

On initial recognition, a financial asset is classified and measured at amortised cost; debt investment at fair value through other comprehensive income, equity investment at fair value through other comprehensive income, or fair value through profit or loss.

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 fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest" 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 fair value through profit or loss 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.

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 fair value through profit or loss, transactions cost that are directly attributable to its acquisition. Transactions costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

All financial assets not classified and measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. 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 fair value through other comprehensive income or at fair value through profit or loss 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 fair value through other comprehensive income on initial recognition) using the effective interest method.

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

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

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 for all debt instruments not held at fair value through profit or loss. Expected credit losses 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 expected credit losses: expected credit losses that result from possible default events within 12 months after the reporting date; and
- Lifetime expected credit losses: expected credit losses 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 expected credit losses:

- 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.

The Establishment has elected to measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Establishment applies a simplified approach in calculating expected credit losses. 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 expected credit losses, 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 expected credit losses 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 fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

(q) 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.

The Establishment applies expected credit loss model to measure loss allowance in case of financial assets on the basis of 12-month expected credit loss or Lifetime expected credit loss depending on credit risk characteristics and how changes in economic factors affect expected credit loss, 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.

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

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

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 24,28,060 (₹ 5.50 crores) [Previous year: AED 32,30,115 (₹ 7.28 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 (p).

Income tax

Significant judgements are involved in determining the provision for income tax, including the amount expected to be paid or recovered in connection with uncertain tax positions.

Deferred tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Establishment considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Staff end-of-service benefits

The Establishment computes the provision for the liability to staff end-of-service benefits stated at AED 4,47,027 (₹ 1.01 crores) [Previous year: AED 4,09,591 (₹ 0.92 crore)] assuming that all employees were to leave as of the reporting date. 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, 2023, 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets		Factory buildings		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, 2022	14,61,350	29,650	9,16,833	18,603	37,64,928	76,390	3,91,435	7,942	3,20,000	6,493	68,54,546	1,39,078
Additions	17,88,220	38,286	—	—	15,976	342	6,750	145	—	—	18,10,946	38,773
Adjustment on account of lease modifications	(14,61,350)	(31,288)	—	—	—	—	—	—	—	—	(14,61,350)	(31,288)
Adjustment on account of write off	—	—	—	—	(4,93,944)	(10,575)	—	—	—	—	(4,93,944)	(10,575)
At 31st December, 2022	17,88,220	40,289	9,16,833	20,656	32,86,960	74,056	3,98,185	8,971	3,20,000	7,210	67,10,198	1,51,182
Additions	—	—	—	—	33,900	766	27,399	619	1,29,500	2,925	1,90,799	4,310
Adjustments	37,981	858	—	—	—	—	—	—	—	—	37,981	858
At 31st December, 2023	**18,26,201**	**41,364**	**9,16,833**	**20,766**	**33,20,860**	**75,218**	**4,25,584**	**9,639**	**4,49,500**	**10,181**	**69,38,978**	**1,57,168**
Accumulated depreciation												
At 1st January, 2022	7,03,452	14,273	9,16,833	18,603	33,89,130	68,765	3,61,131	7,327	3,17,999	6,453	56,88,545	1,15,421
Depreciation	1,92,539	4,123	—	—	58,242	1,247	5,064	108	—	—	2,55,845	5,478
Adjustment on account of lease modifications	(7,92,015)	(16,957)	—	—	—	—	—	—	—	—	(7,92,015)	(16,957)
Adjustment on account of write off	—	—	—	—	(4,93,944)	(10,575)	—	—	—	—	**(4,93,944)**	(10,575)
At 31st December, 2022	1,03,976	2,343	9,16,833	20,656	29,53,428	66,541	3,66,195	8,250	3,17,999	7,165	46,58,431	1,04,955
Depreciation	93,769	2,119	—	—	48,963	1,106	16,179	365	1,465	33	1,60,376	3,623
At 31st December, 2023	**1,97,745**	**4,479**	**9,16,833**	**20,766**	**30,02,391**	**68,004**	**3,82,374**	**8,661**	**3,19,464**	**7,236**	**48,18,807**	**1,09,146**
Carrying amount												
At 1st January, 2022	7,57,898	15,377	—	—	3,75,798	7,625	30,304	615	2,001	40	11,66,001	23,657
At 31st December, 2022	16,84,244	37,946	—	—	3,33,532	7,515	31,990	721	2,001	45	20,51,767	46,227
At 31st December, 2023	**16,28,456**	**36,885**	**—**	**—**	**3,18,469**	**7,214**	**43,210**	**978**	**1,30,036**	**2,945**	**21,20,171**	**48,022**

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, 2022	1,73,594	3,522
Additions	—	—
At 31st December, 2022	1,73,594	3,911
Additions	3,160	71
At 31st December, 2023	**1,76,754**	**4,003**
Accumulated amortization		
At 1st January, 2022	1,59,788	3,242
Amortisation	6,386	137
At 31st December, 2022	1,66,174	3,744
Amortisation	336	8
At 31st December, 2023	**1,66,510**	**3,771**
Carrying amount		
At 1st January, 2022	13,806	280
At 31st December, 2022	7,420	167
At 31st December, 2023	**10,244**	**232**

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

8. INVENTORIES

	AED	As at 31-12-2022 AED	₹ in '000s	As at 31-12-2022 ₹ in '000s
Raw materials	**24,16,231**	31,84,919	**54,728**	71,757
Work-in-progress	**11,829**	13,094	**268**	295
Finished goods	**—**	32,102	**—**	723
	24,28,060	32,30,115	**54,996**	72,775
Less: Provision for slow moving inventories	**(3,58,838)**	(3,58,838)	**(8,127)**	(8,085)
	20,69,222	28,71,277	**46,869**	64,690

A reconciliation of the movements in the provision for slow moving inventories is as follows:

At 1st January	**3,58,838**	4,15,595	**8,085**	8,432
Provisions no longer required written back	—	(56,757)	—	(1,215)
At 31st December	**3,58,838**	3,58,838	**8,127**	8,085

An age analysis of inventories as at the reporting date is as follows:

Less than a year	**16,95,536**	26,94,555	**38,404**	60,709
1 to 2 years	**3,33,064**	1,47,024	**7,544**	3,312
2 to 3 years	**1,02,716**	59,201	**2,327**	1,334
Above 3 years	**2,96,744**	3,29,335	**6,721**	7,420
	24,28,060	32,30,115	**54,996**	72,775

9. TRADE AND OTHER RECEIVABLES

	AED	As at 31-12-2022 AED	₹ in '000s	As at 31-12-2022 ₹ in '000s
Trade receivables	**1,17,14,008**	1,25,86,108	**2,65,322**	2,83,565
Less: Allowance for expected credit losses	**(11,25,630)**	(11,51,562)	**(25,496)**	(25,945)
	1,05,88,378	1,14,34,546	**2,39,826**	2,57,620
Deposits	**1,96,653**	2,12,509	**4,455**	4,788
Employee advances	**3,090**	4,792	**70**	108
Other receivables	—	9,584	—	216
	1,07,88,121	1,16,61,431	**2,44,351**	2,62,732

- An age analysis of trade receivables is disclosed in Note 31.
- A reconciliation of the movements in the allowance for expected credit losses for trade receivables is as follows:

At 1st January	**11,51,562**	9,06,555	**25,945**	18,394
Provisions made during the year	—	2,45,007	—	5,246
Provisions written back	**(25,932)**	—	**(586)**	—
At 31st December	**11,25,630**	11,51,562	**25,496**	25,945

The Establishment holds post-dated cheques amounting to AED 9,95,981 (₹ 2.26 crores) [Previous year: AED 6,92,544 (₹ 1.56 crores)] as security against past due but not impaired receivables.

10. OTHER CURRENT ASSETS

	AED	As at 31-12-2022 AED	₹ in '000s	As at 31-12-2022 ₹ in '000s
Prepayments	**5,25,503**	5,16,218	**11,902**	11,630
Advance to vendors for goods and services	**99,912**	2,36,615	**2,263**	5,331
VAT receivable (net)	**19,101**	2,12,057	**433**	4,778
	6,44,516	9,64,890	**14,598**	21,739

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:

		As at 31-12-2022		As at 31-12-2022
	AED	AED	**₹ in '000s**	₹ in '000s
Trade and other receivables	**80,66,936**	82,40,715	**1,82,716**	1,85,663
Trade and other payables	**11,113**	—	**252**	—

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Note 31.

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

	AED	2022 AED	**₹ in '000s**	2022 ₹ in '000s
Revenue	**75,35,002**	85,59,417	**1,70,216**	1,83,257
Expenses charged to related parties (included in other operating income)	**7,31,488**	10,16,797	**16,524**	21,770
Salaries and expenses recharged by related parties (included in cost of sales and administrative expenses)	**28,320**	7,18,745	**640**	15,388
Recharge of expenses from a related party (included in other direct costs in cost of sales)	**13,75,454**	4,84,546	**31,072**	10,374
Purchases	**19,950**	—	**451**	—

Transaction with related parties are approved by the Management. Outstanding balances at the year-end are unsecured and settlement occurs generally in cash. For the year ended 31st December, 2023, the Company has not recorded any impairment in respect of amounts due from related parties (Previous year: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

12. OTHER FINANCIAL ASSETS

		As at 31-12-2022		As at 31-12-2022
	AED	AED	**₹ in '000s**	₹ in '000s
At amortised cost				
Margin accounts	**–**	7,00,000	**–**	15,770
	–	7,00,000	**–**	15,770

Note: Deposits amounting AED Nil (₹ Nil) [Previous year: AED 7,00,000 (₹ 1.58 crores)] were held by bank as security for guarantees issued (Note 32). During the year, the deposits have been matured and related guarantee has been released.

13. CASH AND CASH EQUIVALENTS

		As at 31-12-2022		As at 31-12-2022
	AED	AED	**₹ in '000s**	₹ in '000s
Cash on hand	**2,854**	2,854	**65**	64
Bank balances in current accounts	**23,10,632**	13,23,085	**52,335**	29,809
	23,13,486	13,25,939	**52,400**	29,873

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

14. SHARE CAPITAL

		As at 31-12-2022		As at 31-12-2022
	AED	AED	**₹ in '000s**	₹ in '000s
Issued and paid up				
1 share of AED 1,500,000	**15,00,000**	15,00,000	**33,975**	33,795

Note: The entire share capital as at 31st December, 2023 is held by Voltas Limited, incorporated in India.

15. PROVISION FOR STAFF END-OF-SERVICE BENEFITS

		As at 31-12-2022		As at 31-12-2022
	AED	AED	**₹ in '000s**	₹ in '000s
The amount included in the statement of financial position in respect of defined benefit plan is as follows:				
Present value of unfunded obligation	**4,47,027**	4,09,591	**10,125**	9,228
Movements in the present value of defined employee benefits obligation are as follows:				
At 1st January	**4,09,591**	8,95,834	**9,228**	18,176
Service cost	**88,991**	1,55,434	**2,010**	3,328
Finance cost	**18,841**	22,396	**426**	480
Actuarial loss on obligation	**(18,504)**	(1,87,688)	**(418)**	(4,018)
Benefits paid during the year	**(51,892)**	(4,76,385)	**(1,172)**	(10,199)
At 31st December	**4,47,027**	4,09,591	**10,125**	9,228
Expenses recognised in profit or loss during the year are as follows:				
Service cost (Note 28)	**88,991**	1,55,434	**2,010**	3,328
Finance cost (Note 26)	**18,841**	22,396	**426**	480
	1,07,832	177,830	**2,436**	3,808

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

		2022
Discount rate	**5.50%**	4.60%
Salary escalation rate (per annum)	**5.00%**	1.00%
Mortality rate	**Indian Assured lives Mortality 2012-14 (Urban)**	Indian Assured lives Mortality 2012-14 (Urban)
Employee turnover rate	**11.00%**	18.00%

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, 2023, 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.

16. LEASE LIABILITIES

		As at 31-12-2022		As at 31-12-2022
	AED	AED	**₹ in '000s**	₹ in '000s
Lease liabilities for long-term leases for factory building including plot of land	**17,95,507**	18,55,800	**40,669**	41,811
Disclosed in the statement of financial position as follows:				
Non-current liabilities	**17,60,868**	17,95,507	**39,884**	40,453
Current liabilities	**34,639**	60,293	**785**	1,358
	17,95,507	18,55,800	**40,669**	41,811

16. LEASE LIABILITIES (contd.)

A reconciliation of the movements in the lease liabilities is as follows:

	AED	As at 31-12-2022 AED	₹ in '000s	As at 31-12-2022 ₹ in '000s
At 1st January	**18,55,800**	8,22,873	**41,811**	16,697
Additions	—	17,88,220	—	38,286
Lease written off due to modification	—	(6,69,335)	—	(14,330)
Adjustments on account of lease modifications	**37,981**	—	**858**	—
Finance costs for the year	**90,605**	91,974	**2,046**	1,969
Payments made during the year	**(1,88,879)**	(1,77,932)	**(4,267)**	(3,810)
At 31st December	**17,95,507**	18,55,800	**40,669**	41,811

A undiscounted maturity analysis of lease liabilities is as follows:

0 – 1 month	**41,267**	41,267	**935**	930
1 – 3 months	**41,267**	41,267	**935**	930
3 months - 1 year	**41,266**	41,266	**934**	929
Presented as current liabilities	**1,23,800**	1,23,800	**2,804**	2,789
1 year – 5 years	**5,38,530**	5,19,960	**12,198**	11,715
Later than 5 years	**21,39,594**	22,81,964	**48,462**	51,413
Total	**28,01,924**	29,25,724	**63,464**	65,917

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

Lease payments due	**28,01,924**	29,25,724	**63,464**	65,917
Less: Finance cost on leases	**(10,06,417)**	(10,69,924)	**(22,735)**	(22,906)
Disclosed in the statement of financial position	**17,95,507**	18,55,800	**40,669**	41,811

17. TRADE AND OTHER PAYABLES

	AED	As at 31-12-2022 AED	₹ in '000s	As at 31-12-2022 ₹ in '000s
Trade payables	**14,03,652**	28,31,191	**31,793**	63,786
Accruals	**3,88,340**	3,47,841	**8,796**	7,837
Other payables	—	471	—	11
	17,91,992	31,79,503	**40,589**	71,634

18. OTHER CURRENT LIABILITIES

	AED	As at 31-12-2022 AED	₹ in '000s	As at 31-12-2022 ₹ in '000s
Employee related accruals	**8,57,793**	6,19,437	**19,429**	13,956

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

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.

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Primary Geographical segments				
- UAE	**1,32,92,035**	95,98,467	**3,00,267**	2,05,503
- Other Middle East countries	**1,16,750**	30,74,405	**2,637**	65,823
	1,34,08,785	1,26,72,872	**3,02,904**	2,71,326
Major goods lines				
- Revenue from manufacturing of duct and ducts accessories	**1,21,17,091**	1,06,95,256	**2,73,725**	2,28,985
- Revenue from trading	**12,91,694**	19,77,616	**29,179**	42,341
	1,34,08,785	1,26,72,872	**3,02,904**	2,71,326
Timing of revenue recognition				
- At a point of time	**1,34,08,785**	1,26,72,872	**3,02,904**	2,71,326

Note: Revenue amounting to AED 75,35,002 (₹ 17.02 crores) [Previous year: AED 85,59,417 (₹ 18.33 crores)] is from sale of services to related parties.

21. COST OF SALES

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Purchase of trading inventories	**8,60,441**	15,70,598	**19,437**	33,626
Materials consumed	**47,96,630**	55,81,916	**1,08,356**	1,19,509
Sub-contract costs	**12,38,893**	7,06,357	**27,986**	15,123
Staff salaries and benefits (Note 27)	**27,94,851**	29,97,440	**63,136**	64,175
Staff end-of-service gratuity (Note 28)	**74,482**	1,38,653	**1,683**	2,969
Depreciation of property, plant and equipment (Note 29)	**1,49,730**	2,46,157	**3,382**	5,270
Amortisation of intangible assets (Note 30)	**168**	—	**4**	—
Short term lease expenses	**3,74,636**	3,86,394	**8,463**	8,273
Recharge of other direct costs	**13,28,046**	4,45,646	**30,001**	9,541
Other direct costs	**5,64,178**	4,27,604	**12,745**	9,155
	1,21,82,055	1,25,00,765	**2,75,193**	2,67,641
Changes in inventory of work-in-progress and finished goods	**33,367**	(29,676)	**753**	(635)
	1,22,15,422	1,24,71,089	**2,75,946**	2,67,006

22. OTHER INCOME

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Sale of scrap	**1,09,956**	3,47,915	**2,484**	7,448
Recharge of expenses to a related party	**7,31,488**	10,16,797	**16,524**	21,770
Miscellaneous income	**59,652**	—	**1,348**	—
	9,01,096	13,64,712	**20,356**	29,218

23. DISTRIBUTION COSTS

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Staff salaries and benefits (Note 27)	**3,25,149**	3,80,683	**7,345**	8,150
Staff end-of-service gratuity (Note 28)	**8,959**	9,996	**202**	214
Other distribution costs	**7,21,639**	6,93,679	**16,302**	14,852
	10,55,747	10,84,358	**23,849**	23,216

24. ADMINISTRATIVE EXPENSES

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Staff salaries and benefits (Note 27)	**9,64,454**	10,39,026	**21,787**	22,246
Staff end-of-service gratuity (Note 28)	**5,550**	6,785	**125**	145
Depreciation of property, plant and equipment (Note 29)	**10,646**	9,688	**240**	207
Amortisation	**168**	6,386	**4**	137
Other expenses	**4,57,836**	6,22,751	**10,343**	13,333
	14,38,654	16,84,636	**32,499**	36,068

25. REVERSAL OF / (PROVISION FOR) IMPAIRMENT OF FINANCIAL ASSETS

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
On trade receivables	**25,932**	(2,45,007)	**586**	(5,246)

26. FINANCE COSTS

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Interest on staff end-of-service gratuity	**18,841**	22,396	**426**	480
Interest on lease liabilities	**90,605**	91,974	**2,046**	1,969
	1,09,446	1,14,370	**2,472**	2,449

27. STAFF SALARIES AND BENEFITS

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Allocated to cost of sales (Note 21)	**27,94,851**	29,97,440	**63,136**	64,175
Allocated to distribution costs (Note 23)	**3,25,149**	3,80,683	**7,345**	8,150
Allocated to administrative expenses (Note 24)	**9,64,454**	10,39,026	**21,787**	22,246
	40,84,454	44,17,149	**92,268**	94,571

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

28. STAFF END-OF-SERVICE GRATUITY

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Allocated to cost of sales (Note 21)	**74,482**	1,38,653	**1,683**	2,969
Allocated to distribution costs (Note 23)	**8,959**	9,996	**202**	214
Allocated to administrative expenses (Note 24)	**5,550**	6,785	**125**	145
	88,991	1,55,434	**2,010**	3,328

29. DEPRECIATION

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Allocated to cost of sales * (Note 21)	**1,49,730**	2,46,157	**3,382**	5,270
Allocated to administrative expenses (Note 24)	**10,646**	9,688	**240**	207
	1,60,376	2,55,845	**3,622**	5,477

* Includes depreciation on Right-of-use asset of AED 93,769 (₹ 0.21 crore) [Previous year: AED 1,92,539 (₹ 0.41 crore)].

30. INTANGIBLE ASSETS

		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Allocated to cost of sales (Note 21)	**168**	—	**4**	—
Allocated to administrative expenses (Note 24)	**168**	6,386	**4**	137
	336	6,386	**8**	137

31. 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			
		2022		2022
	AED	AED	**₹ in '000s**	₹ in '000s
Financial assets				
Trade and other receivables	**1,07,88,121**	1,16,61,431	**2,44,351**	2,62,732
Cash and cash equivalents	**23,13,486**	13,25,939	**52,400**	29,873
Other financial assets	**—**	7,00,000	**—**	15,770
	1,31,01,607	1,36,87,370	**2,96,751**	3,08,375
Financial liabilities				
Trade and other payables	**17,91,992**	31,79,503	**40,589**	71,634
Lease liabilities (current and non-current)	**17,95,507**	18,55,800	**40,669**	41,811
	35,87,499	50,35,303	**81,258**	1,13,445

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.

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (contd.)

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 minimizing 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.

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	2022 AED	**₹ in '000s**	2022 ₹ in '000s
Kingdom of Saudi Arabia	**302,795**	37,281	**6,858**	840
Sultanate of Oman	**30,37,123**	30,37,123	**68,791**	68,426

At the reporting date, 57% of trade receivables were due from two customers (Previous year: 58% due from two 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 as at reporting date.

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

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (contd.)

	Loss rate		**Gross carrying amount**				**Loss Allowance**			
		2022		2022		2022		2022		2022
	%	%	**AED**	AED	**₹ in '000s**	₹ in '000s	**AED**	AED	**₹ in '000s**	₹ in '000s
Not past due	—	—	**28,32,589**	39,81,020	**64,158**	89,692	—	—	—	—
30 - 60 days past due	—	—	**3,53,891**	5,97,563	**8,016**	13,463	—	—	—	—
61 - 90 days past due	—	—	**14,67,993**	8,25,359	**33,250**	18,595	—	—	—	—
91 - 180 days past due	—	—	**11,60,929**	10,29,272	**26,295**	23,189	—	—	—	—
181 – 365 days past due	—	—	**10,71,697**	18,71,917	**24,274**	42,174	—	—	—	—
More than 365 days past due	**23.00%**	26.90%	**48,26,909**	42,80,977	**1,09,329**	96,450	**11,25,630**	11,51,562	**25,496**	25,945
			1,17,14,008	1,25,86,108	**2,65,322**	2,83,563	**11,25,630**	11,51,562	**25,496**	25,945

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.

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				**More than one year**				**Total**			
		2022		2022		2022		2022		2022		2022
	AED	AED	**₹ In '000s**	₹ In '000s	**AED**	AED	**₹ In '000s**	₹ In '000s	**AED**	AED	**₹ In '000s**	₹ In '000s
Trade and other payables	**17,91,992**	31,79,503	**40,589**	71,634	—	—	—	—	**17,91,992**	31,79,503	**40,589**	71,634
Lease liabilities	**1,23,800**	1,23,800	**2,804**	2,789	**26,78,124**	28,01,924	**60,660**	63,128	**28,01,924**	29,25,724	**63,464**	65,917
	19,15,792	33,03,303	**43,393**	74,423	**26,78,124**	28,01,924	**60,660**	63,128	**45,93,916**	61,05,227	**1,04,053**	1,37,551

31. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (contd.)

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.

32. CONTINGENT LIABILITIES

		AED	2022 AED	**₹ in '000s**	2022 ₹ in '000s
(a)	Bankers' letters of guarantee (Note 12)	—	7,00,000	—	15,771
(b)	Unutilised balances of commercial Letters of credit	**2,09,776**	18,96,541	**4,751**	42,729

(c) Legal cases

As at 31st December, 2023, the Establishment has some outstanding legal cases. All these cases are pending before the Court for the hearings and final decisions. The management has reviewed the status of all of these legal cases and believes that no provision is required as at 31st December, 2023 [Previous year: AED Nil (₹ Nil)].

33. CORPORATE TAX

On 9th December, 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the 'CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law is effective for the financial years beginning on or after 1st June, 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 3,75,000) over which a corporate tax of 9% would apply and accordingly, the CT Law is now considered to be substantively enacted.

For the Establishment, current taxes shall be accounted for as appropriate in the financial statements for the accounting period beginning on or after 1st January, 2024 (change as applicable). In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the financial year ended 31st December, 2023.

Based on the information available to date, the Establishment has assessed the deferred tax implications for the year ended 31st December, 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that deferred tax implications are not expected to be material.

The Establishment shall continue to monitor critical Cabinet Decisions to determine the impact on the Establishment, from deferred tax perspective.

34. COMPARATIVE INFORMATION

Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of the current period.

Directors **Jitender Pal Verma**

Dubai, 21st March, 2024 **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, 2023.

2. The Company has reported higher turnover of Saudi Riyals (SR) 170.426 million for the year ended 31st December, 2023, as compared to SR 26.764 million last year, primarily due to execution of the Qiddiya Water Theme Park and Amaala Six Senses Hotels and Residences projects in the current year. The net profit was also higher at SR 12.329 million as compared to SR 0.427 million last year. The overall order book position as at 31st December, 2023, was SR 723.108 million.

3. 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, 7th March, 2024

INDEPENDENT AUDITOR'S REPORT

TO THE PARTNERS' OF
SAUDI ENSAS COMPANY FOR ENGINEERING SERVICES W.L.L.

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, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) that are 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, 2023;
- 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 material accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 1,47,81,557 (₹ 32.79 crores) being 57% of the capital of SR 2,61,50,000 (₹ 58 crores) [(31st December, 2022: SR 2,66,38,055 (₹ 58.58 crores) being 102% of the capital of SR 2,61,50,000 (₹ 57.50 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 issued 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, i.e., Board of Directors / (Partners) 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 International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatement 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 International Standards on Auditing 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, 7th March, 2024

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

			As at 31-12-2022		As at 31-12-2022
ASSETS	Note	**SR**	SR	**₹ in '000s**	₹ in '000s
NON-CURRENT ASSETS					
Property and equipment, net	6	**9,37,341**	1,66,956	**20,790**	3,672
Retentions receivables, net	7	**93,92,562**	—	**2,08,327**	—
Total non-current assets		**1,03,29,903**	1,66,956	**2,29,117**	3,672
CURRENT ASSETS					
Cash and cash equivalents	8	**5,23,30,279**	67,01,287	**11,60,686**	1,47,361
Unbilled revenue, net	9	**5,98,17,176**	58,47,685	**13,26,745**	1,28,591
Account receivables, net	10	**5,33,59,051**	19,62,592	**11,83,504**	43,157
Prepayments and other debit balances	11	**1,49,82,962**	18,00,371	**3,32,322**	39,590
Retentions receivables, net	7	**5,01,340**	33,66,683	**11,120**	74,033
Due from related party	12	**2,41,500**	2,41,500	**5,356**	5,311
Inventories	13	**42,18,141**	—	**93,558**	—
Total current assets		**18,54,50,449**	1,99,20,118	**41,13,291**	4,38,043
TOTAL ASSETS		**19,57,80,352**	2,00,87,074	**43,42,408**	4,41,715
PARTNERS' EQUITY AND LIABILITIES					
PARTNERS' EQUITY					
Capital	14	**2,61,50,000**	2,61,50,000	**5,80,007**	5,75,039
Statutory reserve	15	**9,59,649**	9,59,649	**21,285**	21,103
Accumulated losses		**(1,47,81,557)**	(2,66,38,055)	**(3,27,855)**	(5,85,771)
Total partners' equity		**1,23,28,092**	4,71,594	**2,73,437**	10,371
NON-CURRENT LIABILITIES					
Employees' post-employment benefits	16	**20,33,852**	14,19,799	**45,111**	31,221
Total non-current liabilities		**20,33,852**	14,19,799	**45,111**	31,221
CURRENT LIABILITIES					
Account payables		**2,92,99,477**	77,16,588	**6,49,862**	1,69,688
Advance from customers	17	**9,16,78,204**	74,12,382	**20,33,423**	1,62,998
Accrued expenses and other liabilities	18	**4,52,21,477**	14,58,341	**10,03,012**	32,069
Due to related parties	12	**1,20,39,482**	13,44,164	**2,67,036**	29,558
Income tax payable	19	**31,79,768**	2,64,206	**70,527**	5,810
Total current liabilities		**18,14,18,408**	1,81,95,681	**40,23,860**	4,00,123
TOTAL LIABILITIES		**18,34,52,260**	1,96,15,480	**40,68,971**	4,31,344
TOTAL PARTNERS' EQUITY AND LIABILITIES		**19,57,80,352**	2,00,87,074	**43,42,408**	4,41,715

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) = ₹ 22.18 being the exchange rate prevailing as on 31st December, 2023. Previous year figures have been converted @ 1 SR = ₹ 21.99 being the exchange rate prevailing as on 31st December, 2022.

Jeddah, 7th March, 2024 *Director* **Mohammad Rashid**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Note		2022		2022
		SR	SR	**₹ in '000s**	₹ in '000s
Contract revenues		**17,04,25,733**	2,67,63,778	**37,64,704**	5,59,898
Contract costs	20	**(15,28,60,317)**	(2,38,46,059)	**(33,76,684)**	(4,98,860)
Gross profit		**1,75,65,416**	29,17,719	**3,88,020**	61,038
General and administrative expenses	21	**(17,86,510)**	(16,03,127)	**(39,464)**	(33,537)
Provision for doubtful debts		**(2,00,558)**	(5,46,508)	**(4,430)**	(11,433)
Operating profit		**1,55,78,348**	7,68,084	**3,44,126**	16,068
Finance costs		**(1,07,612)**	(87,209)	**(2,377)**	(1,824)
Other income		**31,914**	8,103	**705**	170
Net profit before income tax		**1,55,02,650**	6,88,978	**3,42,454**	14,414
Income tax	19	**(31,73,197)**	(2,61,843)	**(70,096)**	(5,477)
NET PROFIT FOR THE YEAR		**1,23,29,453**	4,27,135	**2,72,358**	8,937
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified to statements of profit or loss in subsequent years:					
Re-measurement (loss) / gain on employees' post-employment benefits	16	**(4,72,955)**	1,68,895	**(10,448)**	3,533
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,18,56,498**	5,96,030	**2,61,910**	12,470

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 = ₹ 22.09 being the average of the exchange rate prevailing as on 31st December, 2022 (1 SR = ₹ 21.99) and as on 31st December, 2023 (1 SR = ₹ 22.18). Previous year figures have 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).

Jeddah, 7th March, 2024 *Director* **Mohammad Rashid**

STATEMENT OF CHANGES IN PARTNERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Capital		**Statutory Reserve**		**Accumulated Losses**		**Total**	
	SR	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
Balance at 1st January, 2022	2,61,50,000	5,19,078	9,59,649	19,049	(2,72,34,085)	(5,40,597)	(1,24,436)	(2,470)
Net profit for the year	—	—	—	—	4,27,135	8,937	4,27,135	8,937
Re-measurement gain on employees' post-employment benefits (Note 16)	—	—	—	—	1,68,895	3,533	1,68,895	3,533
Balance at 31st December, 2022	2,61,50,000	5,75,039	9,59,649	21,103	(2,66,38,055)	(5,85,771)	4,71,594	10,371
Balance as at 1st January, 2023	2,61,50,000	5,75,039	9,59,649	21,103	(2,66,38,055)	(5,85,771)	4,71,594	10,371
Net profit for the year	—	—	—	—	1,23,29,453	2,72,358	1,23,29,453	2,72,358
Re-measurement gain on employees' post-employment benefits (Note 16)	—	—	—	—	(4,72,955)	(10,448)	(4,72,955)	(10,448)
Balance as at 31st December, 2023	**2,61,50,000**	**5,80,007**	**9,59,649**	**21,285**	**(1,47,81,557)**	**(3,27,855)**	**1,23,28,092**	**2,73,437**

The accompanying Notes from 1-28 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2023

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Net profit before income tax	**1,55,02,650**	6,88,978	**3,42,454**	14,414
Adjustments for:				
Depreciation	**1,74,641**	20,100	**3,858**	420
Provision for doubtful debt	**(3,012)**	(20,290)	**(67)**	(424)
Provision for other receivables	—	8,697	—	182
Provision for unbilled revenue	**2,03,570**	5,58,101	**4,497**	11,675
Employees' post-employment benefits	**1,91,566**	1,62,442	**4,232**	3,398
Finance costs	**1,07,612**	87,209	**2,377**	1,824
	1,61,77,027	15,05,237	**3,57,351**	31,489
Changes in operating assets and liabilities:				
Unbilled revenue	**(5,41,73,061)**	(32,20,530)	**(12,02,949)**	(1,60,978)
Account receivable	**(5,13,93,447)**	(10,51,579)	**(11,40,345)**	(25,806)
Prepayments and other debit balances	**(1,31,82,591)**	(1,87,761)	**(2,92,732)**	(7,580)
Retention receivables	**(65,27,219)**	21,11,859	**(1,45,639)**	32,178
Inventories	**(42,18,141)**	—	**(93,604)**	—
Due from related party	—	2,41,500	—	4,277
Account payables	**2,15,82,889**	49,60,121	**4,80,175**	1,14,972
Advance from customers	**8,42,65,822**	55,71,761	**18,70,424**	1,26,462
Accrued expenses and other liabilities	**4,37,63,136**	4,50,178	**9,70,943**	12,057
Due from / to related parties	**1,06,95,318**	(1,38,798)	**2,35,190**	(121)
Cash generated from operations	**4,69,89,733**	1,02,41,988	**10,42,232**	2,25,221
Finance costs paid	**(1,07,612)**	(87,209)	**(2,377)**	(1,824)
Employees' post-employment benefits paid	**(50,468)**	(80,018)	**(1,115)**	(1,674)
Income tax paid	**(2,57,635)**	(7,090)	**(5,691)**	(148)
Net cash generated from operating activities	**4,65,74,018**	1,00,67,671	**10,33,012**	2,21,388
INVESTING ACTIVITIES				
Purchase of property and equipment	**(9,45,026)**	(1,38,587)	**(20,876)**	(2,899)
Net cash used in investing activities	**(9,45,026)**	(1,38,587)	**(20,961)**	(3,048)
FINANCING ACTIVITIES				
Bank borrowings	—	(34,05,536)	—	(67,600)
Net cash used in financing activities	—	(34,05,536)	—	(74,888)
Net change in cash and cash equivalents	**4,56,28,992**	65,23,548	**10,13,324**	1,43,833
Cash and cash equivalents at beginning of the year	**67,01,287**	1,77,739	**1,47,361**	3,528
Cash and cash equivalents at end of the year	**5,23,30,279**	67,01,287	**11,60,686**	1,47,361

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, 2023

1. ORGANIZATION AND ACTIVITIES

Saudi Ensas Company for Engineering Services Limited ('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 1410 H (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 paid-up share capital of the Company is SR 2,61,50,000 (₹ 58 crores).

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 legal process was completed in 2015 and the revised shareholding percentage was 92% by Voltas Limited and 8% by Voltas Netherlands B.V. During 2022, Voltas Netherlands B.V. had transferred its 8% shareholding to its wholly owned subsidiary in the Republic of Singapore – Universal MEP Projects PTE Limited. The change of shareholder in the Service Investment License of the Company was done on 28th March, 2023. The Company is now owned 92% by Voltas Limited and 8% by Universal MEP Projects PTE Limited, a step-down subsidiary of Voltas Limited, registered in The Republic of Singapore and the legal process for amending the change in the shareholder in the Commercial Registration Certificate is in progress.

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 Jamad-ul-Thani 1444H (corresponding to 19th January, 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26 Jamad-ul-Thani 1444H (corresponding to 19th January, 2023). The management is in the process of assessing the impact of the New Companies Law and will amend its Articles of Association 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 Owners in their Annual General Assembly meeting for their ratification.

2. GOING CONCERN

During the year, the Company made net profit of SR 1,18,56,498 (₹ 26.19 crores). However, the Company's accumulated losses amounting to SR 1,47,81,557 (₹ 32.79 crores) as at 31st December, 2023 [(2022: SR 2,66,38,055 (Rs. 58.58 crores)] exceeded more than 50% of the Company's share 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' of the Company have, taking into consideration the healthy order book position in hand and reduction in the accumulated losses over the past few years resolved in their meeting dated 30th December, 2023 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 are satisfied that the Company has the resources to continue operations for the foreseeable future.

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 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 financial statements are disclosed in Note 5.

3.2 Basis of measurement

The financial statements have been prepared under the historical cost basis of conventions, except for employees' post-employment benefits which are recognized 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.

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

4. MATERIAL ACCOUNTING POLICIES

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 recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized 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 risks 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.

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 categorized 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 of 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 amortized cost using the effective interest method.

Financial assets carried at amortized cost

For financial assets carried at amortized 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, recognized 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 recognized 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 recognized, the previously recognized 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 the 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 that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic condition that correlate with defaults, if any.

4. MATERIAL ACCOUNTING POLICIES (contd.)

(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 recognized 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 amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are de-recognised as well as through the amortization 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 recognized 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 recognized 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.

(iv) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory on the basis of purchase price. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(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%
Office equipment	15%
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 amortization 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 recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (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 recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

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

4. MATERIAL ACCOUNTING POLICIES (contd.)

(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 recognized in profit or loss in the period in which they are incurred.

(h) Provisions and contingencies

Provisions are recognized 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 recognized as interest expenses. Provisions are not recognized for future operating losses. Contingent assets and contingent liabilities are not recognized.

(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 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 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. The management, based on its experience, recognizes revenue on the stage of completion basis once the project reaches 20% of stage of completion level and onwards. When the outcome of a contract cannot be estimated reliably, revenue is recognized 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.

Revenue recognized in excess of billings included in the current assets represents the costs incurred plus recognized profits (less recognized 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 recognized included in current liabilities represent the progress billings that exceed costs incurred plus recognized profit (less recognized losses) to date.

(k) Employee's post-employment benefits

The liability or asset recognized 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 recognized immediately as an expense. Actuarial gains or losses are recognized in statement of comprehensive income. Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in 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 recognized 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 recognized for a reimbursement.

(l) Termination benefits

The entity recognized 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.

4. MATERIAL ACCOUNTING POLICIES (contd.)

(m) Income tax

The Company is subject to income tax in accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"). Income tax on adjusted profit is charged to the statement of profit or loss and other comprehensive income. Additional amounts, if any, are accounted for when determined to be required for payment.

(n) Leases

At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the 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 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 recognized 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 at 31st December, 2023, 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 recognized 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 recognized in the financial statements.

Employees' post-employment benefits

In determining the liability for long-service payments (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.

Allowances 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.

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

6. PROPERTY AND EQUIPMENT, NET

	Machinery		Office equipment		Porta cabins		Total	
	SR	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**	**SR**	**₹ in '000s**
Cost:								
At 1st January, 2022	21,479	427	1,30,651	2,593	—	—	1,52,130	3,020
Additions	—	—	64,988	1,360	73,600	1,540	1,38,588	2,900
At 31st December, 2022	21,479	473	1,95,639	4,302	73,600	1,619	2,90,718	6,394
Additions	79,332	1,752	7,46,394	16,488	1,19,300	2,635	9,45,026	20,875
At 31st December, 2023	**1,00,811**	**2,236**	**9,42,033**	**20,894**	**1,92,900**	**4,279**	**12,35,744**	**27,409**
Accumulated Depreciation:								
At 1st January, 2022	9,536	189	94,126	1,869	—	—	1,03,662	2,058
Depreciation	2,296	48	14,174	297	3,630	75	20,100	420
At 31st December, 2022	11,832	260	1,08,300	2,382	3,630	80	1,23,762	2,722
Depreciation	4,377	97	1,27,609	2,819	42,655	942	1,74,641	3,858
At 31st December, 2023	**16,209**	**360**	**2,35,909**	**5,232**	**46,285**	**1,027**	**2,98,403**	**6,619**
Net book value at								
31st December, 2023	**84,602**	**1,876**	**7,06,124**	**15,662**	**1,46,615**	**3,252**	**9,37,341**	**20,790**
31st December, 2022	9,647	213	87,339	1,920	69,970	1,539	1,66,956	3,672

7. RETENTIONS RECEIVABLES, NET

		As at 31-12-2022		As at 31-12-2022
	SR	SR	**₹ in '000s**	₹ in '000s
Current portion	**5,01,340**	33,66,683	**11,120**	74,033
Non-current portion	**93,92,562**	—	**2,08,327**	—
	98,93,902	33,66,683	**2,19,447**	74,033
(A) Current portion				
Retention receivables	**16,87,207**	45,52,550	**37,422**	100,110
Less: provision for doubtful retention receivables	**(11,85,867)**	(11,85,867)	**(26,302)**	(26,077)
	5,01,340	33,66,683	**11,120**	74,033
(B) Provision movement				
Balance at the beginning of the year	**11,85,867**	11,77,170	**26,077**	23,367
Charge for the year	—	8,697	—	182
Balance at the ending for the year	**11,85,867**	11,85,867	**26,302**	26,077

8. CASH AND CASH EQUIVALENTS

		As at 31-12-2022		As at 31-12-2022
	SR	SR	**₹ in '000s**	₹ in '000s
Cash at banks	**5,23,30,279**	67,01,287	**11,60,686**	1,47,361

9. UNBILLED REVENUE, NET

		As at 31-12-2022		As at 31-12-2022
	SR	SR	**₹ in '000s**	₹ in '000s
Contracts in progress at the end of the reporting period				
Construction costs incurred plus recognized profits less recognized losses to date	**24,38,34,919**	6,88,20,988	**54,08,259**	15,13,373
Less: Progress billings	**(18,23,41,345)**	(6,15,00,475)	**(40,44,331)**	(13,52,395)
Less: Provision	**(16,76,398)**	(14,72,828)	**(37,183)**	(32,387)
Unbilled revenue	**5,98,17,176**	58,47,685	**13,26,745**	1,28,591

The following provision movement during the year is as follows:

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Balance at the beginning of the year	**14,72,828**	8,44,052	**32,387**	16,754
Charge for the year	**2,03,570**	5,58,101	**4,497**	11,675
Reclassification from retention receivables	—	70,675	—	1,479
Balance at the ending of the year	**16,76,398**	14,72,828	**37,183**	32,387

10. ACCOUNT RECEIVABLES, NET

		As at 31-12-2022		As at 31-12-2022
	SR	SR	**₹ in '000s**	₹ in '000s
Account receivables	**5,36,98,047**	23,04,600	**11,91,023**	50,678
Allowance for doubtful debts	**(3,38,996)**	(3,42,008)	**(7,519)**	(7,521)
	5,33,59,051	19,62,592	**11,83,504**	43,157

The following provision movement during the year is as follows:

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Balance at the beginning of the year	**3,42,008**	4,32,973	**7,521**	8,594
Provision reversed during the year	**(3,012)**	(20,290)	**(67)**	(424)
Reclassification to retention and unbilled revenue*	—	(70,675)	—	(1,479)
Balance at the ending of the year	**3,38,996**	3,42,008	**7,519**	7,521

* The management reclassified the provision which pertains to unbilled receivables and retention receivables that was previously offset against account receivables.

Account receivables ageing 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**
2023 (SR)	**5,26,52,057**	**81,386**	**1,49,793**	**53,032**	**3,26,146**	—	**4,35,623**	**5,36,98,047**
2022 (SR)	11,91,924	5,76,233	—	1,30,153	—	—	4,06,290	23,04,600
2023 (₹ '000s)	**11,67,823**	**1,805**	**3,322**	**1,176**	**7,234**	—	**9,663**	**11,91,023**
2022 (₹ '000s)	26,211	12,671	—	2,862	—	—	8,934	50,678

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

11. PREPAYMENTS AND OTHER DEBIT BALANCES, NET

		As at 31-12-2022		As at 31-12-2022
	SR	SR	**₹ in '000s**	₹ in '000s
Advances to suppliers*	**1,34,85,742**	14,15,839	**2,99,114**	31,134
Security deposit	**7,18,261**	—	**15,931**	—
Prepaid expenses	**4,57,048**	1,70,943	**10,137**	3,759
Employees advances	**3,19,911**	2,11,589	**7,096**	4,653
Other receivables	**2,000**	2,000	**44**	44
	1,49,82,962	18,00,371	**3,32,322**	39,590

*The advances to suppliers consist of the advance given to the suppliers for work on different projects, the balance amounting to SR 13 million (₹ 28.83 crores) [(2022: SR 1 million (₹ 2.20 crores)] among the total balance is paid to ten major suppliers which represent approximately 73% (2022: 62%) of the total balance.

12. RELATED PARTIES' BALANCES AND TRANSACTIONS

During the year, the Company transacted with the following related parties:

Names	**Relationship**
Voltas Limited	Partner
Universal MEP Projects Pte. Limited	Partner
Voltas Netherlands B.V.	Affiliate
Weathermaker FZE	Affiliate
Voltas Oman SPC	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:

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Purchases of materials	**1,19,085**	—	**2,631**	—
Expenses reimbursed to affiliates	**30,23,603**	13,09,900	**66,791**	27,403
Secondment services	**1,35,99,834**	—	**3,00,420**	—

Due from a related party as of 31st December comprised the following:

		2022		2022
Related party name	**SR**	SR	**₹ in '000s**	₹ in '000s
Olayan Voltas Contracting Company Limited	**2,41,500**	2,41,500	**5,356**	5,311

Due to related parties as of 31st December comprised the following:

		2022		2022
Related party name	**SR**	SR	**₹ in '000s**	₹ in '000s
Weathermaker FZE	**3,02,152**	32,250	**6,702**	709
Voltas Qatar W.L.L.	**5,75,153**	83,691	**12,757**	1,840
Voltas Limited – India	**2,45,590**	2,12,651	**5,447**	4,676
Voltas Oman SPC	**68,852**	—	**1,527**	—
Voltas Limited – UAE	**1,06,88,981**	8,50,606	**2,37,081**	18,705
Universal Voltas L.L.C.	**31,588**	31,588	**701**	695
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**1,27,166**	1,33,378	**2,821**	2,933
	1,20,39,482	13,44,164	**2,67,036**	29,558

13. INVENTORIES

Inventory held by the Company at year end includes air condition material used for contracting purposes, it mainly consists of air condition system, electrical wires, wooden and plastic material items which are used for different projects under process.

14. CAPITAL

The share capital of the Company is SR 2,61,50,000 divided into 2,61,500 units valued at SR 100 each. The ownership of the Company as per the Service Investment License issued by Ministry of Investment in Kingdom of Saudi Arabia 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	5,35,336
Universal MEP Projects Pte. Limited*	20,140	100	8%	20,14,000	44,671
Total	**2,61,500**	**100**	**100%**	**2,61,50,000**	**5,80,007**

*The legal process to amend the Commercial Registration Certificate for change of shareholder from Voltas Netherlands B.V. to Universal MEP Projects Pte. Limited is in progress.

15. 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.

16. EMPLOYEES' POST-EMPLOYMENT BENEFITS

		As at 31-12-2022		As at 31-12-2022
	SR	SR	**₹ in '000s**	₹ in '000s
Present value of the defined benefit obligation, opening balance	**14,19,799**	15,06,270	**31,221**	29,899
Service cost	**1,23,416**	1,25,164	**2,726**	2,618
Interest on defined benefit obligations	**68,150**	37,278	**1,505**	780
Benefits paid during the period	**(50,468)**	(80,018)	**(1,115)**	(1,674)
Re-measurement loss / (gain) on post-employment benefits	**4,72,955**	(1,68,895)	**10,448**	(3,533)
Present value of post-employment benefits, closing balance	**20,33,852**	14,19,799	**45,111**	31,221

Below are the significant assumptions

	2023	2022
Discount rate for year-end obligation (% per annum)	**5.10%**	4.80%
Rate of change in salary (% per annum)	**5%**	3.00%
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.

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Change in Discount rate +1%	**19,18,677**	13,45,597	**42,384**	28,150
Change in Discount rate -1%	**21,64,159**	15,03,430	**47,806**	31,452
Change in Salary Increase +1%	**21,62,979**	15,04,114	**47,780**	31,466
Change in Salary Increase -1%	**19,17,531**	13,43,680	**42,358**	28,110
Change in Employee Turnover +1%	**20,29,898**	14,25,568	**44,840**	29,823
Change in Employee Turnover -1%	**20,37,897**	14,13,157	**45,017**	29,563

17. ADVANCE FROM CUSTOMERS

Advance from customer at 31st December, 2023 amounting to SR 9,16,78,204 (₹ 203.34 crores) [2022: SR 74,12,382 (₹ 16.30 crores)] consists of payment received from the customer at the commencement of the project, these advances are deducted from the progress billing over the relevant contracts' period and in accordance with the contract terms.

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

18. ACCRUED EXPENSES AND OTHER LIABILITIES

		As at 31-12-2022		As at 31-12-2022
	SR	SR	**₹ in '000s**	₹ in '000s
Salaries and other benefits	**3,92,031**	4,10,101	**8,695**	9,018
Accrued expenses	**49,92,481**	4,70,988	**1,10,733**	10,357
Value added tax payable	**49,13,080**	5,77,252	**1,08,972**	12,694
Accrued material*	**3,49,23,885**	—	**7,74,612**	—
	4,52,21,477	14,58,341	**10,03,012**	32,069

*Accrued material represents the inventory purchased during the year for construction purpose primarily for Qiddiya and Amaala Projects against which invoices are not received till the year end, this balance is transferred to the account payable according to receipt of invoices from the suppliers.

19. INCOME TAX CALCULATION

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Adjustment for net income				
Net income for the year	**1,55,02,650**	6,88,978	**3,42,454**	14,414
Provision for doubtful debts	**(3,012)**	(20,290)	**(67)**	(424)
Provision of unbilled revenue	**2,03,570**	5,58,101	**4,497**	11,675
Provision end of services benefits	**1,91,566**	1,62,442	**4,232**	3,398
Difference in depreciation	**21,678**	—	**479**	—
Adjusted net income	**1,59,16,452**	13,89,231	**3,51,595**	29,063
Accumulated losses not to exceed 25% of net income of the year	—	—	—	—
Employees' post-employment benefits paid	**(50,468)**	(80,018)	**(1,115)**	(1,674)
Tax base	**1,58,65,984**	13,09,213	**3,50,480**	27,389
Tax @ 20%	**31,73,197**	2,61,843	**70,096**	5,477

(A) Income tax movement:

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Balance at beginning of the year	**2,64,206**	9,453	**5,810**	188
Provision for the year	**31,73,197**	2,61,843	**70,096**	5,477
Paid during the year	**(2,57,635)**	(7,090)	**(5,691)**	(148)
	31,79,768	2,64,206	**70,527**	5,810

(B) Outstanding assessments:

The tax returns for the year 2008 to 2016 were under review by the ZATCA. The Company has filed its tax return up to the year ended 31st December, 2022 and obtained relevant certificates from ZATCA which is valid till 30th April, 2024.

20. CONTRACT COSTS

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Material costs	**7,68,59,773**	1,41,92,681	**16,97,832**	2,96,911
Sub-contractor costs	**3,35,76,963**	17,36,153	**7,41,715**	36,320
Hired labour	**2,87,12,032**	33,03,647	**6,34,249**	69,112
Salaries and benefits	**49,92,935**	35,26,366	**1,10,294**	73,772
Travel	**19,74,997**	5,11,311	**43,628**	10,697
Insurance	**15,60,133**	1,68,610	**34,463**	3,527
Maintenance	**11,55,783**	32,360	**25,531**	677
Depreciation	**164,121**	4,960	**3,626**	104
Others	**38,63,580**	3,69,971	**85,346**	7,740
	15,28,60,317	2,38,46,059	**33,76,684**	4,98,860

21. GENERAL AND ADMINISTRATIVE EXPENSES

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Salaries and benefits	**9,06,963**	9,33,173	**20,035**	19,522
Professional fee	**2,93,892**	2,21,695	**6,492**	4,638
Insurance	**1,90,924**	89,396	**4,218**	1,870
Bank charges	**1,51,988**	1,29,814	**3,357**	2,716
Rent	**1,16,200**	1,31,200	**2,567**	2,745
Depreciation	**10,520**	15,140	**232**	316
Others	**1,16,023**	82,709	**2,563**	1,730
	17,86,510	16,03,127	**39,464**	33,537

22. TRANSACTIONS WITH MAJOR CUSTOMERS

Contract revenue during the year amount to SR 170.43 million (₹ 376.47 crores) [2022: SR 26.76 million (₹ 55.99 crores)] and there are three major customers amounting to SR 153.24 million (₹ 338.51 crores) [2022: SR 23.70 million (₹ 49.58 crores)], which represents approximately 90% (2022: 89%) of the total contract revenue.

23. CONTINGENT LIABILITIES

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Letter of Guarantee*	**15,92,78,937**	1,01,68,650	**35,32,807**	2,23,609
Letter of credit**	**5,00,39,823**	96,91,407	**11,09,883**	2,13,114
	20,93,18,760	1,98,60,057	**46,42,690**	4,36,723

*The Company has issued the letter of guarantee to SAB Bank, Deutsche Bank and BNP Paribas Bank in order to enable to comply with contract terms of Customers. The Company issued advance payment guarantee and performance guarantee to El Seif Engineering Contracting Company for Qiddiya Water Theme Park Project and Amaala Company for Six Senses Project.

**The Company also issued the letter of credit from SAB Bank, Deutsche Bank and BNP Paribas Bank to their suppliers as guarantee of payment subject to supply of material and service. The Company opened letter of credit mainly to major suppliers including Riyad Cables, Sawaed Contracting and Al Gurg Company.

24. 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.

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 relatives' 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:

		2022		2022
	SR	SR	**₹ in '000s**	₹ in '000s
Cash at banks	**5,23,30,279**	67,01,287	**11,60,686**	1,47,361
Unbilled revenue, net	**5,98,17,176**	58,47,685	**13,26,745**	1,28,591
Account receivables, net	**5,33,59,051**	19,62,592	**11,83,504**	43,157
Prepayments and other debit balances, net	**1,49,82,962**	18,00,371	**3,32,322**	39,590
Retentions receivables, net	**98,93,902**	33,66,683	**2,19,447**	74,033
Due from a related party	**2,41,500**	2,41,500	**5,356**	5,311
	19,06,24,870	1,99,20,118	**42,28,060**	4,38,043

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.

25. 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.

26. COMPARATIVE FIGURES

Certain figures for the comparative year have been reclassified to conform to the presentation of the current year.

27. SUBSEQUENT EVENTS

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 7th March, 2024, corresponding to 26 Sha'ban 1445H.

Jeddah, 7th March, 2024 *Director* **Mohammad Rashid**

LALBUKSH VOLTAS ENGINEERING SERVICES & TRADING L.L.C.

Directors :
Jitender Pal Verma
Issa Lalbuksh Al Raisi
V. P. Malhotra
Manish Desai *(up to 20th March, 2024)*
Nikhil Chandarana *(w.e.f. 20th March, 2024)*
A. R. Suresh Kumar

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Annual Report and the Accounts for the year ended 31st December, 2023.

2. The Company has reported turnover of Rials Omani (RO) 3.529 million for the year ended 31st December, 2023, as compared to RO 3.979 million in the previous year. Due to provisions made for Expected Credit Loss (ECL) on contract assets and receivables, the Company has reported a loss of RO 0.306 million for the year under review as compared to profit of RO 0.230 million in the previous year.

3. The Company has booked orders worth RO 3.900 million during the year under review and the overall order book position as at 31st December, 2023, was RO 7.764 million.

4. The Company had in November 2023, declared an interim dividend of RO 0.300 million for the year ended 31st December, 2023. No further dividend has been recommended. Thus, the interim dividend is the final dividend for the year ended 31st December, 2023 (Previous year: RO 0.100 million).

5. Mr. Nikhil Chandarana was appointed as a Director of the Company with effect from 20th March, 2024, in place of Mr. Manish Desai. The Directors placed on record their appreciation for the contribution made by Mr. Manish Desai during his tenure on the Board.

6. 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, 20th March, 2024

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, 2023, 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, 2023, 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, 20th March, 2024

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

	Notes	RO	As at 31-12-2022 RO	₹ in '000s	As at 31-12-2022 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**68,496**	56,079	**14,805**	12,050
Contract assets	7	**3,437**	45,922	**743**	9,867
Other non-current financial assets	9	**1,24,794**	3,00,851	**26,974**	64,644
		1,96,727	4,02,852	**42,522**	86,561
CURRENT ASSETS					
Inventories	4	**32,295**	21,645	**6,981**	4,651
Contract and other receivables	5	**15,25,761**	27,78,949	**3,29,793**	5,97,113
Other current assets	6	**5,36,753**	2,05,490	**1,16,019**	44,154
Contract assets	7	**38,05,754**	34,88,246	**8,22,614**	7,49,519
Cash and cash equivalents	8	**2,40,909**	1,26,180	**52,072**	27,112
		61,41,472	66,20,510	**13,27,479**	14,22,549
TOTAL ASSETS		**63,38,199**	70,23,362	**13,70,001**	15,09,110
EQUITY AND LIABILITIES					
MEMBERS' FUNDS					
Share capital	10	**2,50,000**	2,50,000	**54,038**	53,718
Legal reserve		**83,334**	83,334	**18,013**	17,906
General reserve		**7,50,000**	7,50,000	**1,62,113**	1,61,153
Accumulated profits		**30,14,196**	36,20,369	**6,51,518**	7,77,909
Equity funds		**40,97,530**	47,03,703	**8,85,682**	10,10,686
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**4,10,328**	3,40,054	**88,691**	73,066
CURRENT LIABILITIES					
Short term borrowing – Book overdraft		**15,720**	60,919	**3,398**	13,090
Trade and other payables	11	**13,43,939**	13,90,647	**2,90,492**	2,98,808
Contract liabilities	12	**4,70,682**	4,85,003	**1,01,738**	1,04,213
Current tax payable	20.4	**—**	43,036	**—**	9,247
		18,30,341	19,79,605	**3,95,628**	4,25,358
TOTAL EQUITY AND LIABILITIES		**63,38,199**	70,23,362	**13,70,001**	15,09,110

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) = ₹ 216.15 being the exchange rate prevailing as on 31st December, 2023. Previous year figures have been converted @ 1 RO = ₹ 214.87 being the exchange rate prevailing as on 31st December, 2022.

Directors **Issa Lalbuksh Al Raisi**
Jitender Pal Verma
A. R. Suresh Kumar

Muscat, 20th March, 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Notes	**RO**	2022 RO	**₹ in '000s**	2022 ₹ in '000s
CONTRACT REVENUE	13	**35,29,199**	39,79,012	**7,60,578**	8,12,355
Cost of works executed	14	**(36,53,048)**	(36,20,959)	**(7,87,268)**	(7,39,255)
GROSS (LOSS) / PROFIT		**(1,23,849)**	3,58,053	**(26,690)**	73,100
Other operating income	15	**1,13,155**	1,54,557	**24,386**	31,554
Staff costs		**(92,009)**	(56,076)	**(19,829)**	(11,448)
Director's remuneration		**(8,700)**	(8,700)	**(1,875)**	(1,776)
Allowance for expected credit loss on contract and other receivables	5.2	**(40,851)**	(80,362)	**(8,804)**	(16,407)
Allowance for expected credit loss on contract assets	7.3	**(87,158)**	(39,710)	**(18,783)**	(8,107)
Depreciation on property, plant and equipment	3	**(780)**	(926)	**(168)**	(189)
Provision for slow moving inventory	4	**(50)**	—	**(11)**	—
Other operating expenses	16	**(72,231)**	(68,630)	**(15,567)**	(14,012)
(LOSS) / PROFIT FROM OPERATING ACTIVITIES		**(3,12,473)**	2,58,206	**(67,341)**	52,715
Interest income	17	**21,702**	34,587	**4,677**	7,062
Finance costs		**(6,698)**	(5,888)	**(1,443)**	(1,202)
NET (LOSS) / PROFIT FOR THE YEAR BEFORE TAX		**(2,97,469)**	2,86,905	**(64,107)**	58,575
Income tax expense	20.2	**(8,704)**	(56,641)	**(1,876)**	(11,564)
NET (LOSS) / PROFIT FOR THE YEAR AFTER TAX		**(3,06,173)**	2,30,264	**(65,983)**	47,011
Other comprehensive income for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		**(3,06,173)**	2,30,264	**(65,983)**	47,011

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) = ₹ 215.51 being the average of the exchange rates prevailing as on 31st December, 2022 (1 RO = ₹ 214.87) and as on 31st December, 2023 (1 RO = ₹ 216.15). Previous year figures have been converted into Indian Rupees @ 1 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).

Directors **Issa Lalbuksh Al Raisi**
Jitender Pal Verma
Muscat, 20th March, 2024 **A. R. Suresh Kumar**

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

	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, 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	—	—	—	—	—	—	(100,000)	(20,416)	(100,000)	(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
Total comprehensive loss for the year	—	—	—	—	—	—	(3,06,173)	(65,983)	(3,06,173)	(65,983)
Dividend declared and paid	—	—	—	—	—	—	(3,00,000)	(64,653)	(3,00,000)	(64,653)
As at 31st December, 2023	**2,50,000**	**54,038**	**83,334**	**18,013**	**7,50,000**	**162,113**	**30,14,196**	**6,51,518**	**40,97,530**	**8,85,682**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2023

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Cash flows from operating activities				
Net (loss) / profit for the year before tax	**(2,97,469)**	2,86,905	**(64,107)**	58,575
Adjustments for:				
Depreciation on property, plant and equipment	**19,563**	28,586	**4,216**	5,836
Profit on disposal of property, plant and equipment	**(3,990)**	(7,758)	**(860)**	(1,584)
Interest income	**(21,702)**	(34,587)	**(4,677)**	(7,062)
Finance costs	**6,698**	5,888	**1,443**	1,202
Operating (loss) / profit before changes in operating assets and liabilities	**(2,96,900)**	2,79,034	**(63,985)**	56,967
Changes in inventories	**(10,650)**	15,214	**(2,330)**	2,479
Changes in contract and other receivables	**12,53,188**	19,945	**2,67,320**	(55,695)
Changes in other current assets	**(3,31,263)**	(68,976)	**(71,866)**	(17,746)
Changes in trade and other payables	**(46,708)**	2,02,150	**(8,316)**	68,905
Changes in staff gratuity liability	**70,274**	42,342	**15,625**	15,478
Change in contract assets	**(2,75,023)**	(4,88,212)	**(63,970)**	(1,70,177)
Change in contract liabilities	**(14,321)**	(54,681)	**(2,475)**	(184)
Cash generated from / (used in) operating activities	**3,48,597**	(53,184)	**75,349**	(11,428)
Finance costs paid	**(6,698)**	(5,888)	**(1,443)**	(1,202)
Taxes paid	**(51,740)**	(77,647)	**(11,150)**	(15,852)
Net cash generated from / (used in) operating activities (A)	**2,90,159**	(1,36,719)	**62,718**	(29,377)
Cash flows from investing activities				
Interest received	**21,702**	34,587	**4,677**	7,062
Changes in time deposits	**1,76,057**	(5,597)	**37,670**	(7,530)
Purchase of property, plant and equipment	**(34,847)**	(26,767)	**(7,510)**	(5,465)
Proceeds from disposal of property, plant and equipment	**6,857**	7,762	**1,478**	1,585
Net cash generated from investing activities (B)	**1,69,769**	9,985	**36,696**	2,145
Cash flows from financing activities				
Changes in short term borrowing	**(45,199)**	60,919	**(9,741)**	12,437
Dividends paid	**(3,00,000)**	(1,00,000)	**(64,653)**	(20,416)
Net cash used in financing activities (C)	**(3,45,199)**	(39,081)	**(74,615)**	(8,397)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**1,14,729**	(1,65,815)	**24,960**	(29,371)
Cash and cash equivalents at beginning of year	**1,26,180**	2,91,995	**27,112**	56,484
Cash and cash equivalents at end of year	**2,40,909**	1,26,180	**52,072**	27,112

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

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.

(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 for the current year has not been provided in the financial statements on account of the loss incurred during the year. Additional tax liability that may arise in future on completion of pending tax assessments 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 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.

(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 of 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.

As per the new labour law, gratuity provision for employees is created for 30 days of basic for every completed year of service.

(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.

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

(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:

(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 (Rs. 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.

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

(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

(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 expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses 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.

Expected credit losses are recognised in two stages:

- For credit exposure for which there has not been a significant increase in credit risk since initial recognition, expected credit losses 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 expected credit losses 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 recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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

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 recognized 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 realization 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 expected credit losses for financial assets are based on assumptions about the risk of default and expected credit 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.

2.7 ADOPTION OF REVISED AND NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

There are no International Financial Reporting Standards, amendments thereto and Interpretations 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 date of adoption are for future accounting periods, and that are assessed by management as likely to have an impact on these financial statements.

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, 2023	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
Additions	—	—	16,615	3,581	11,582	2,496	6,650	1,433	34,847	7,510
Disposals	(51,513)	(11,102)	(50,125)	(10,802)	—	—	(34,101)	(7,349)	(1,35,739)	(29,253)
As at 31st December, 2023	**48,388**	**10,459**	**3,04,396**	**65,795**	**1,54,587**	**33,414**	**6,38,065**	**1,37,918**	**11,45,436**	**2,47,586**
Accumulated depreciation										
As at 1st January, 2023	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
Depreciation for the year	3,807	821	6,353	1,369	5,296	1,141	4,107	885	19,563	4,216
Adjustment relating to disposals	(48,655)	(10,486)	(50,122)	(10,802)	—	—	(34,095)	(7,348)	(1,32,872)	(28,636)
As at 31st December, 2023	**43,889**	**9,487**	**2,81,228**	**60,787**	**1,38,090**	**29,848**	**6,13,733**	**1,32,659**	**10,76,940**	**2,32,781**
Net book value										
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
As at 31st December, 2023	**4,499**	**972**	**23,168**	**5,008**	**16,497**	**3,566**	**24,332**	**5,259**	**68,496**	**14,805**

3.2 Six vehicles costing RO 33,050 (₹ 0.71 crore) (net book value RO 5 (₹ 1,080.75) 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:

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Cost of works executed (Note 14)	**18,783**	27,660	**4,048**	5,647
Statement of comprehensive income	**780**	926	**168**	189
	19,563	28,586	**4,216**	5,836

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

4. INVENTORIES

			As at 31-12-2022		As at 31-12-2022
		RO	RO	**₹ in '000s**	₹ in '000s
4.1	Materials	**45,030**	34,330	**9,734**	7,377
	Provision for slow moving inventories	**(12,735)**	(12,685)	**(2,753)**	(2,726)
		32,295	21,645	**6,981**	4,651

4.2 The movements in provision for slow moving inventories are as follows:

		As at 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**12,685**	74,300	**2,726**	14,373
Provision made during year	**50**	—	**11**	—
Provision written back to cost of works executed	—	(61,615)	**—**	(12,579)
Closing balance	**12,735**	12,685	**2,753**	2,726

5. CONTRACT AND OTHER RECEIVABLES

			As at 31-12-2022		As at 31-12-2022
		RO	RO	**₹ in '000s**	₹ in '000s
5.1	Contract receivables – related parties	**1,68,069**	1,89,648	**36,328**	40,750
	Contract receivables – others	**16,21,408**	23,07,625	**3,50,467**	4,95,839
	Allowance for expected credit loss	**(2,91,312)**	(2,50,461)	**(62,967)**	(53,817)
		14,98,165	22,46,812	**3,23,828**	4,82,772
	Advances to staff	**17,226**	17,837	**3,724**	3,833
	Inter corporate deposit given to related party	—	5,00,000	—	1,07,435
	Deposits	**10,370**	10,370	**2,241**	2,228
	Other receivables	—	3,930	—	845
		15,25,761	27,78,949	**3,29,793**	5,97,113

5.2 The movements in the allowances for expected credit losses account against contract receivables are as follows:

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**2,50,461**	1,70,099	**53,817**	32,904
Expected credit loss allowance made during the year as per IFRS 9	**40,851**	80,362	**8,804**	16,407
Closing balance	**2,91,312**	2,50,461	**62,967**	53,817

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**
2023	**17,89,477**	**3,86,795**	**4,30,341**	**93,018**	**4,17,283**	**90,196**	**4,73,400**	**1,02,325**	**4,68,453**	**1,01,256**
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

5. CONTRACT AND OTHER RECEIVABLES (contd.)

5.4 The Company uses an expected credit loss allowance matrix / model to measure the expected credit losses of contract receivables. Accordingly, allowance for expected credit loss of RO 2,91,312 (₹ 6.30 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.

6. OTHER CURRENT ASSETS

		As at 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
Prepayments	**61,771**	30,130	**13,352**	6,474
Advance to supplier – related party	**3,89,684**	1,07,581	**84,230**	23,116
Advance to suppliers – others	**85,298**	67,779	**18,437**	14,564
	5,36,753	2,05,490	**1,16,019**	44,154

6.1 Advance to supplier – related party includes a balance of RO 211 (₹ 45,608) paid to a member.

7. CONTRACTS ASSETS

			As at 31-12-2022		As at 31-12-2022
		RO	RO	**₹ in '000s**	₹ in '000s
7.1	Amounts due from customers for contract work	**32,65,339**	29,28,071	**7,05,803**	6,29,154
	Allowance for expected credit loss	**(2,02,294)**	(1,15,136)	**(43,726)**	(24,739)
		30,63,045	28,12,935	**6,62,077**	6,04,415
	Retentions receivable	**7,42,709**	7,17,938	**1,60,537**	1,54,263
	Interest accrued on bank fixed deposits	**3,437**	3,295	**743**	708
		38,09,191	35,34,168	**8,23,357**	7,59,386
	Disclosed as:				
	Non-current contract assets	**3,437**	45,922	**743**	9,867
	Current contract assets	**38,05,754**	34,88,246	**8,22,614**	7,49,519
		38,09,191	35,34,168	**8,23,357**	7,59,386

7.2 Amounts due from customers for contract work include RO 37,226 (₹ 0.80 crore) [Previous year: RO 37,226 (₹ 0.80 crore)] due from related parties.

7.3 The movements in the allowance for expected credit losses account against amounts due from customers for contract works is as follows:

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**1,15,136**	75,426	**24,739**	14,590
Expected credit loss allowance made during the year as per IFRS 9	**87,158**	39,710	**18,783**	8,107
Closing balance	**2,02,294**	1,15,136	**43,726**	24,739

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

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**
2023	**7,42,709**	**1,60,537**	**79,194**	**17,118**	**1,434**	**311**	**1,79,160**	**38,725**	**4,82,921**	**1,04,383**
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

8. CASH AND CASH EQUIVALENTS

		As at 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
8.1 Bank balances:				
Current accounts	**2,33,408**	1,18,704	**50,450**	25,505
Margin accounts	**5,300**	5,300	**1,146**	1,139
Smart card balances	**2,201**	2,176	**476**	468
	2,40,909	1,26,180	**52,072**	27,112

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 (₹ 32.42 crores).

(d) Corporate guarantee of Voltas Netherlands B.V. for RO 20,00,000 (₹ 43.23 crores).

(e) Corporate guarantee of Lalbuksh Contracting and Trading Establishment for RO 20,00,000 (₹ 43.23 crores).

(f) Irrecoverable contract proceeds of all projects financed with a value of more than USD 20,00,000 (₹ 16.64 crores).

Bank facilities are subject to financial covenants.

9. OTHER NON-CURRENT FINANCIAL ASSETS

		As at 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
Fixed deposits with banks	**1,24,794**	3,00,851	**26,974**	64,644

Fixed deposits are pledged with banks as security against credit facilities.

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 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
Trade payables - others	**10,15,932**	10,42,387	**2,19,594**	2,23,978
Accruals	**2,67,480**	2,74,095	**57,816**	58,895
Amounts due to related parties	**60,527**	74,165	**13,082**	15,935
	13,43,939	13,90,647	**2,90,492**	2,98,808

12. CONTRACT LIABILITIES

		As at 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
(a) Amounts due to customers for contract work	**2,53,154**	2,41,753	**54,719**	51,946
(b) Advance from customers	**2,17,528**	2,43,250	**47,019**	52,267
	4,70,682	4,85,003	**1,01,738**	1,04,213
Disclosed as:				
Non-current contract liabilities	—	—	—	—
Current contract liabilities	**4,70,682**	4,85,003	**1,01,738**	1,04,213
	4,70,682	4,85,003	**1,01,738**	1,04,213

13. REVENUE

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Contract works executed	**35,29,199**	39,79,012	**7,60,578**	8,12,355

- 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		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Sultanate of Oman	**35,29,199**	39,79,012	**7,60,578**	8,12,355
Major goods / service lines				
Contract work executed	**35,03,199**	39,49,085	**7,54,975**	8,06,245
Maintenance contracts	**26,000**	29,927	**5,603**	6,110
	35,29,199	39,79,012	**7,60,578**	8,12,355
Timing of revenue recognition				
Over period of time	**35,29,199**	39,79,012	**7,60,578**	8,12,355

14. COST OF WORKS EXECUTED

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed	**10,86,517**	11,08,316	**2,34,155**	2,26,273
Labour expenses	**18,01,941**	17,08,839	**3,88,336**	3,48,877
Sub-contract expenses	**3,69,997**	3,90,819	**79,738**	79,790
Depreciation (Note 3.4)	**18,783**	27,660	**4,048**	5,647
Other direct expenses	**3,75,810**	3,85,325	**80,991**	78,668
	36,53,048	36,20,959	**7,87,268**	7,39,255

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

15. OTHER OPERATING INCOME

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Credit balances written back	—	7,121	—	1,453
Profit on sale of scrap	**9,452**	8,271	**2,037**	1,689
Profit on sale of property, plant and equipment	**3,990**	7,758	**860**	1,584
Secondment income	**99,685**	1,26,293	**21,483**	25,784
Miscellaneous income	**28**	5,114	**6**	1,044
	1,13,155	1,54,557	**24,386**	31,554

16. OTHER OPERATING EXPENSES

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**24,954**	21,162	**5,378**	4,320
Repairs and maintenance	**1,659**	3,079	**358**	629
Insurance	**8,182**	8,518	**1,763**	1,739
Electricity and water charges	**7,878**	6,271	**1,698**	1,280
Telephone, fax and postage	**6,626**	7,972	**1,428**	1,628
Travelling and conveyance	**2,154**	4,554	**464**	930
Vehicle expenses	**6,410**	5,622	**1,381**	1,148
Printing and stationery	**1,857**	2,801	**400**	572
Professional fees	**9,757**	7895	**2,103**	1,612
Miscellaneous expenses	**2,754**	756	**594**	154
	72,231	68,630	**15,567**	14,012

17. INTEREST INCOME

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Interest income on:				
Inter corporate deposit to a related party	**14,521**	25,000	**3,129**	5,105
Fixed deposits	**7,181**	9,587	**1,548**	1,957
	21,702	34,587	**4,677**	7,062

18. DIVIDENDS

Dividend declared and paid of RO 3,00,000 (₹ 6.47 crores) [Previous year: RO 1,00,000 (₹ 2.04 crores)] represents dividend per share of RO 1.200 (₹ 258.61) [Previous year: RO 0.400 (₹ 81.66)].

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

19. RELATED PARTIES (contd.)

company, fellow subsidiaries, companies under common ownership and/or common management control and members. 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 2022	**Total**	Total 2022
	RO	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Rent expense	—	**53,304**	**53,304**	53,362	**11,488**	10,894
Director's remuneration	—	**8,700**	**8,700**	8,700	**1,875**	1,776
Dividend paid	—	**3,00,000**	**3,00,000**	1,00,000	**64,653**	20,416
Purchases and expenses	**46,936**	—	**46,936**	23,661	**10,115**	4,831
Revenue	—	—	—	14,341	—	2,928
Sale of scrap	**48**	—	**48**	154	**10**	31
Interest on inter corporate deposit	**14,521**	—	**14,521**	25,000	**3,129**	5,104
Secondment/other income	**99,685**	—	**99,685**	1,26,293	**21,483**	25,784
Secondment expenses	**77,334**	—	**77,334**	1,20,711	**16,666**	24,644

20. TAXATION

20.1 Taxation for the current year has not been provided in the financial statements on account of the loss incurred during the year. Additional tax liability that may arise in future on completion of pending tax assessments 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 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.

20.2 The income tax expense per the statement of comprehensive income comprises:

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the previous year	**8,704**	5,923	**1,876**	1,209
Charge for the current year	—	50,718	—	10,355
Income tax expenses	**8,704**	56,641	**1,876**	11,564

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:

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
	15.00%	15.00%	**15.00%**	15.00%
Tax on accounting loss of RO 2,97,469 (₹ 6.41 crores) [Previous year: profit of RO 2,86,905 (Rs. 5.86 crores)] at applicable tax rates	**(44,620)**	43,035	**(9,616)**	8,786
Add / less tax effect of:				
Expenses disallowable	**1,485**	180	**320**	37
Depreciation adjustment based on depreciation rates as per tax law	**1,980**	(491)	**427**	(100)
Expected credit loss allowance made for doubtful contract receivables and contract assets not considered as deductible expense for tax purposes	**19,201**	18,010	**4,138**	3,677
Profit on disposals of property, plant and equipment	**(596)**	(1,163)	**(128)**	(237)
Other deduction allowable as per law and regulations	—	(9,242)	—	(1,887)
Other adjustments (net)	**22,550**	389	**4,860**	79
Tax expense per statement of comprehensive income	—	50,718	—	10,355

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

20. TAXATION (contd.)

20.4 The movements in the current tax payable account are as follows:

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**43,036**	64,042	**9,247**	12,388
(-) Payment made during the year	**(43,036)**	(77,647)	**(9,275)**	(15,852)
Provision for tax made for the year	—	56,641	—	11,564
	—	43,036	—	9,247

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 expected credit losses.

As at the year end,

(i) RO 1,561,243 (₹ 33.75 crores) constituting 62% [Previous year: RO 19,12,832 (₹ 41.10 crores) constituting 59%] of contract debtors and retentions are due from three debtors (Previous year: four debtors).

(ii) Amounts due from customers for contract works of RO 23,12,525 (₹ 49.99 crores) [Previous year: RO 24,30,811 (₹ 52.23 crores)] constituting 71% (Previous year: 83%) are due from three (Previous year: five) customers.

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.

Risk exposure on amounts due from a related party

As at the year end, the contract and other receivables of RO 1,00,469 (₹ 2.17 crores) and advances to a related party supplier RO 3,78,978 (₹ 8.19 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 expected credit losses on the above has been made in the Company's financial statements as they believe that the amounts will be recovered in due course.

Interest rate risk

The Company's fixed deposits are at interest rates of 3.75% per annum (Previous year: 3% 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 receivables, 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.

21. FINANCIAL INSTRUMENTS (contd.)

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	**More than 1 year**	**Total**	**Total**
	RO	**RO**	**RO**	**₹ in '000s**
As at 31st December, 2023				
Staff end-of-service gratuity	**—**	**4,10,328**	**4,10,328**	**88,692**
Short term borrowing – Overdraft	**15,720**	—	**15,720**	**3,398**
Trade and other payables	**13,43,939**	—	**13,43,939**	**2,90,492**
Contract liabilities	**4,70,682**	—	**4,70,682**	**1,01,738**
	18,30,341	**4,10,328**	**22,40,669**	**4,84,320**

	Less than 1 year	More than 1 year	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

22. CONTINGENT LIABILITIES

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Banker's Letters of guarantees and bonds	**3,14,502**	21,47,314	**67,577**	4,61,394
Unutilised Letters of credit	—	17,538	—	3,768
	3,14,502	21,64,852	**67,577**	4,65,162

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 **Issa Lalbuksh Al Raisi**
Jitender Pal Verma
Muscat, 20th March, 2024 **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 Thirteenth Annual Report and Accounts for the year ended 31st December, 2023.

2. The Company has reported higher turnover of Rials Omani (RO) 2.038 million for the year ended 31st December, 2023, as compared to RO 1.724 million in the previous year. Net Profit was also higher at RO 0.108 million for the year under review as compared to RO 0.060 million in the previous year. The overall order book position as at 31st December, 2023, was RO 5.073 million.

3. During the year under review, Universal MEP Projects Pte. Limited (the holding company) had remitted RO 1.500 million to the Company as an additional capital contribution. The process for registering the increase in paid-up capital from RO 1.500 million to RO 3.000 million with the Ministry of Commerce, Industry and Investment Promotion (MOCII) was completed on 13th January, 2024.

4. In view of the accumulated losses, the Directors do not recommend any dividend for the year ended 31st December, 2023 (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, 20th March, 2024

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, 2023, 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, 2023, 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 36,14,471 (₹ 78.13 crores) and has a deficit in equity and sole proprietor company's funds of RO 4,90,039 (₹ 10.59 crores) as at 31st December, 2023. 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 Matter

We draw attention to Note number 20 to these financial statements regarding credit risk exposures and unapproved variations respectively. 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 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, 20th March, 2024

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

	Notes	**RO**	As at 31-12-2022 RO	**₹ in '000s**	As at 31-12-2022 ₹ in '000s
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	3	**43,711**	41,800	**9,448**	8,982
Long term deposits	4	**1,018**	1,018	**220**	219
		44,729	42,818	**9,668**	9,201
CURRENT ASSETS					
Contract and other receivables	4	**6,77,194**	2,00,915	**1,46,375**	43,171
Other assets	5	**95,996**	98,418	**20,750**	21,147
Contract assets	6	**11,83,464**	16,55,760	**2,55,806**	3,55,773
Cash and cash equivalents	8	**2,40,008**	70,655	**51,878**	15,182
		21,96,662	20,25,748	**4,74,809**	4,35,273
TOTAL ASSETS		**22,41,391**	20,68,566	**4,84,477**	4,44,474
EQUITY AND LIABILITIES					
SOLE PROPRIETOR COMPANY'S FUNDS					
Share capital	9	**30,00,000**	15,00,000	**6,48,450**	3,22,305
Legal reserve		**1,24,432**	1,13,668	**26,896**	24,424
Accumulated losses		**(36,14,471)**	(37,11,343)	**(7,81,268)**	(7,97,456)
Deficit in equity and sole proprietor company's funds		**(4,90,039)**	(20,97,675)	**(1,05,922)**	(4,50,727)
NON-CURRENT LIABILITY					
Staff end-of-service gratuity		**1,35,534**	1,08,331	**29,296**	23,278
CURRENT LIABILITIES					
Borrowings	10	—	15,02,615	—	322,867
Contract and other payables	11	**25,17,853**	24,85,951	**5,44,234**	5,34,156
Contract liability	12	**78,043**	69,343	**16,869**	14,900
Current tax payable		—	1	—	—
		25,95,896	40,57,910	**5,61,103**	8,71,923
TOTAL EQUITY AND LIABILITIES		**22,41,391**	20,68,566	**4,84,477**	4,44,474

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 20th March, 2024.

Note: The Statement of Financial Position has been converted into Indian Rupees @ 1 Omani Rial (RO) = ₹ 216.15 being the exchange rate prevailing as on 31st December, 2023. Previous year figures have been converted @ 1 RO = ₹ 214.87 being the exchange rate prevailing as on 31st December, 2022.

Directors **Jitender Pal Verma**
A. R. Suresh Kumar

Muscat, 20th March, 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Notes	RO	2022 RO	₹ in '000s	2022 ₹ in '000s
REVENUE	13	**20,38,054**	17,24,029	**4,39,221**	3,51,978
Cost of works executed	14	**(17,86,996)**	(15,36,521)	**(3,85,116)**	(3,13,696)
GROSS PROFIT		**2,51,058**	1,87,508	**54,105**	38,282
Other operating income	15	**1,73,418**	3,09,741	**37,373**	63,237
Staff costs		**(1,72,983)**	(1,93,047)	**(37,280)**	(39,412)
Depreciation	3	**(1,133)**	(1,450)	**(244)**	(296)
Allowance for expected credit losses (net)		**(44,719)**	—	**(9,637)**	—
Other operating expenses	16	**(35,838)**	(86,690)	**(7,723)**	(17,699)
PROFIT FROM OPERATING ACTIVITIES FOR THE YEAR		**1,69,803**	2,16,062	**36,594**	44,112
Finance costs	17	**(62,166)**	(1,56,297)	**(13,397)**	(31,910)
NET PROFIT FOR THE YEAR BEFORE TAX		**1,07,637**	59,765	**23,197**	12,202
Income tax credit	18	**(1)**	—	—	—
NET PROFIT FOR THE YEAR AFTER TAX		**1,07,636**	59,765	**23,197**	12,202
Other comprehensive income / (loss) for the year		**—**	—	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,07,636**	59,765	**23,197**	12,202

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) = ₹ 215.51, being the average of the exchange rates prevailing as on 31st December, 2023 (1 RO = ₹ 216.15) and as on 31st December, 2022 (1 RO = ₹ 214.87). Previous year figures have been converted into Indian Rupees @ 1 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)

Directors **Jitender Pal Verma**

Muscat, 20th March, 2024 **A. R. Suresh Kumar**

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

	Share capital		**Legal reserve**		**Accumulated losses**		**Total**	
	RO	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**	**RO**	**₹ in '000s**
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)
Total comprehensive income for the year	—	—	—	—	1,07,636	23,197	1,07,636	23,197
Transfer to legal reserve	—	—	10,764	2,320	(10,764)	(2,320)	—	—
Issue of share capital	15,00,000	3,23,265	—	—	—	—	15,00,000	3,23,265
As at 31st December, 2023	**30,00,000**	**6,48,450**	**1,24,432**	**26,896**	**(36,14,471)**	**(7,81,268)**	**(4,90,039)**	**(1,05,922)**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2023

		2022		2022
	RO	RO	**₹ in '000s**	₹in '000s
Cash flows from operating activities				
Net profit for the year before tax	**1,07,637**	59,765	**23,197**	12,202
Adjustments for:				
Depreciation	**17,194**	21,857	**3,705**	4,462
Profit on disposal of property, plant and equipment	—	(3,043)	—	(621)
Finance costs	**62,166**	1,56,297	**13,397**	31,910
Operating profit before changes in operating assets and liabilities	**1,86,997**	2,34,876	**40,299**	47,953
Changes in contract and other receivables	**(4,76,279)**	4,38,397	**(1,03,205)**	80,498
Changes in other assets	**2,422**	44,629	**398**	6,524
Changes in contract assets	**4,72,296**	6,87,520	**99,967**	97,511
Changes in contract and other payables	**31,900**	(7,19,208)	**10,078**	(85,850)
Changes in staff-end-of service gratuity	**27,203**	(11,892)	**6,019**	21
Changes in contract liability	**8,700**	(48,820)	**1,969**	(7,958)
Cash generated from operating activities	**2,53,239**	6,25,502	**54,738**	1,34,402
Tax paid	—	—	—	—
Net cash generated from operating activities (A)	**2,53,239**	6,25,502	**54,738**	1,34,402
Cash flows from investing activities				
Proceeds on disposal of property, plant and equipment	—	3,050	—	623
Purchase of property, plant and equipment	**(19,105)**	(2,615)	**(4,117)**	(534)
Net cash (used in) / from investing activities (B)	**(19,105)**	435	**(4,130)**	93
Cash flows from financing activities				
Repayment of borrowings	**(15,02,615)**	(17,13,441)	**(3,22,867)**	(2,99,247)
Issue of share capital	**15,00,000**	10,00,000	**3,23,265**	2,04,160
Finance costs paid	**(62,166)**	(1,56,297)	**(13,397)**	(31,910)
Net cash used in financing activities (C)	**(64,781)**	(8,69,738)	**(14,002)**	(1,86,881)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,69,353**	(2,43,801)	**36,696**	(45,647)
Cash and cash equivalents at beginning of year	**70,655**	3,14,456	**15,182**	60,828
Cash and cash equivalents at end of year	**2,40,008**	70,655	**51,878**	15,182

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

1. LEGAL STATUS AND BUSINESS ACTIVITY

(a) **VOLTAS OMAN S.P.C.** is a Sole Proprietor Company, registered under the Commercial Companies Law 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 36,14,471 (₹ 78.13 crores) and has a deficit in equity and sole proprietor company's funds of RO 4,90,039 (₹ 10.59 crores) as at 31st December, 2023. 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.

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.

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

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

(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 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 of 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) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees benefits comprising of 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 80,036 (₹ 1.72 crores) [Previous year: RO 34,889 (₹ 0.71 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 recognized 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.

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

(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 past accumulated tax 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 was incurred and shall be deducted in computation of taxable income of those years. The net accumulated tax loss of RO 7,87,345 (₹ 14.78 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 2022 and 2023 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.

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

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

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 Losses (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 expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses 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.

Expected credit losses are recognised in two stages:

- For credit exposure for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

- For those credit exposures for which there has been a significant increase in credit risk since initial recognition, allowance for expected credit losses 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 expected credit losses. The Company does not track changes in credit risk, but instead recognises allowance for expected credit losses based on lifetime expected credit losses 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.

(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):

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

2.5 SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

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.

2.6 SIGNIFICANT JUDGEMENTS, ASSUMPTIONS AND ESTIMATES (contd.)

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.

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.

(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 expected credit losses 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

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 these financial statements.

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

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, 2023	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
Additions	—	—	6,000	1,293	204	44	1,651	356	11,250	2,424	19,105	4,117
As at 31st December, 2023	**1,91,687**	**41,433**	**61,436**	**13,279**	**51,316**	**11,092**	**1,62,448**	**35,113**	**42,600**	**9,208**	**5,09,487**	**1,10,125**
Accumulated depreciation												
As at 1st January, 2023	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
Depreciation for the year	11,207	2,415	2,940	634	1	—	2,078	448	968	209	17,194	3,706
As at 31st December, 2023	**1,73,868**	**37,581**	**53,300**	**11,521**	**50,308**	**10,874**	**1,55,982**	**33,716**	**32,318**	**6,985**	**4,65,776**	**1,00,677**
Net book value												
As at 31st December, 2022	29,026	6,237	5,076	1,091	805	173	6,893	1,481	—	—	41,800	8,982
As at 31st December, 2023	**17,819**	**3,852**	**8,136**	**1,758**	**1,008**	**218**	**6,466**	**1,397**	**10,282**	**2,223**	**43,711**	**9,448**

	RO	2022 RO	**₹ in '000s**	2022 ₹ in '000s
Depreciation charged to cost of works executed	**16,061**	20,407	**3,462**	4,166
Depreciation charged to other operating expenses	**1,133**	1,450	**244**	296
	17,194	21,857	**3,706**	4,462

4. CONTRACT AND OTHER RECEIVABLES

	RO	As at 31-12-2022 RO	**₹ in '000s**	As at 31-12-2022 ₹ in '000s
Contract receivables */**	**34,66,204**	30,07,826	**7,49,220**	6,46,292
Contract debtor billed for services	—	57,480	—	12,351
	34,66,204	30,65,306	**7,49,220**	6,58,643
Advances to staff	**252**	—	**54**	—
Bank margin money	—	1,150	—	247
Deposits	**1,018**	1,018	**220**	219
Less: Allowance for expected credit losses	**(27,89,262)**	(28,65,541)	**(6,02,899)**	(6,15,719)
	6,78,212	2,01,933	**1,46,595**	43,390
Classified as long term deposits	**(1,018)**	(1,018)	**(220)**	(219)
	6,77,194	2,00,915	**1,46,375**	43,171

* Refer Note number 20 to these financial statements regarding credit risk exposures.

**Contract receivables include RO 16,965 (₹ 0.37 crore) [Previous year: RO Nil (₹ Nil)] due from a related party on account of trade dealings.

- The movement in the allowance for expected credit losses account is as follows:

	RO	2022 RO	**₹ in '000s**	2022 ₹ in '000s
Opening balance	**28,65,541**	29,24,672	**6,15,719**	5,65,748
Allowance written back to other operating income in the statement of comprehensive income	**(76,279)**	(59,131)	**(16,439)**	(12,072)
Closing balance	**27,89,262**	28,65,541	**6,02,899**	6,15,719

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 to 7 years	Above 8 years
2023							
RO	**34,66,204**	**2,30,965**	**4,12,458**	**12,084**	**12,64,043**	**15,31,654**	**15,000**
₹ in '000s	**7,49,220**	**49,923**	**89,153**	**2,612**	**2,73,223**	**3,31,067**	**3,242**
2022							
RO	30,65,306	91,860	60,790	12,66,003	29,365	16,02,288	15,000
₹ in '000s	6,58,643	19,738	13,062	2,72,026	6,310	3,44,284	3,223

The Company uses an expected credit loss allowance model to measure the expected credit losses of contract receivables. Accordingly, allowance for expected credit losses of RO 27,89,262 (₹ 60.29 crores) [Previous year: RO 28,65,341 (₹ 61.57 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

	RO	As at 31-12-2022 RO	**₹ in '000s**	As at 31-12-2022 ₹ in '000s
Prepayments	**12,238**	37,932	**2,645**	8,150
Advance to suppliers*	**83,758**	60,486	**18,105**	12,997
	95,996	98,418	**20,750**	21,147

*Advance to suppliers includes RO Nil (₹ Nil) [Previous year: RO 1,024 (₹ 0.02 crore)] advance given to related party.

6. CONTRACT ASSETS

	RO	As at 31-12-2022 RO	**₹ in '000s**	As at 31-12-2022 ₹ in '000s
(a) Amounts due from customers for contract works	**7,54,874**	7,50,346	**1,63,166**	1,61,227
(b) Retentions receivable	**6,85,315**	9,89,065	**1,48,131**	2,12,520
(c) Accrued income*	**2,02,934**	2,55,010	**43,864**	54,794
Less - Allowance for expected credit losses	**(4,59,659)**	(3,38,661)	**(99,355)**	(72,768)
	11,83,464	16,55,760	**2,55,806**	3,55,773
Disclosed as:				
Non-current contract assets	—	—	—	—
Current contract assets	**11,83,464**	16,55,760	**2,55,806**	3,55,773

* The Company has accrued income of RO 2,02,934 (₹ 4.39 crores) [Previous year: RO 2,55,010 (₹ 5.48 crores)] which includes RO 19,040 (₹ 0.41 crore) [Previous year: RO 2,23,602 (₹ 4.80 crores) that has not been certified subsequently and no allowance for expected credit losses against accrued income has been made at 31st December, 2023.

- The movement in the allowance for expected credit losses on contract assets is as follows:

	RO	As at 31-12-2022 RO	**₹ in '000s**	As at 31-12-2022 ₹ in '000s
Opening balance	**3,38,661**	2,95,293	**72,768**	57,121
Expected credit loss allowance made during the year as per IFRS 9	**1,20,998**	43,368	**26,076**	8,854
Closing balance	**4,59,659**	3,38,661	**99,355**	72,768

The Company uses an expected credit loss allowance model to measure the expected credit losses of contract assets. Accordingly, allowance for expected credit losses of RO 4,59,659 (₹ 9.94 crores) [previous year: RO 3,38,661 (₹ 7.28 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.

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

7. CONTRACT IN PROGRESS

	RO	As at 31-12-2022 RO	₹ in '000s	As at 31-12-2022 ₹ in '000s
Contract costs incurred plus recognized profits less recognized losses	**1,82,47,380**	1,75,36,897	**39,32,493**	35,80,333
Progress billings*	**1,74,92,506**	1,67,86,551	**37,69,810**	34,27,142
Advance on contracts	**34,753**	34,753	**7,512**	7,467
Retentions receivables	**1,04,000**	7,11,500	**22,480**	1,52,880

(a) Refer Note number 20 (i) to these financial statements regarding unapproved variations.

(b) * Progress billings include RO Nil (₹ Nil) [Previous year: 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

	RO	As at 31-12-2022 RO	₹ in '000s	As at 31-12-2022 ₹ in '000s
Bank balance on current accounts	**2,37,376**	67,320	**51,309**	14,465
Bank smart card accounts	**436**	394	**94**	85
Cash on hand	**2,196**	2,941	**475**	632
	2,40,008	70,655	**51,878**	15,182

9. SHARE CAPITAL

	Share %	RO	As at 31-12-2022 Share %	As at 31-12-2022 RO	₹ in '000s	As at 31-12-2022 ₹ in '000s
Universal MEP Projects PTE Limited	**100**	**30,00,000**	100	15,00,000	**6,48,450**	3,22,305

The share capital comprises 30,00,000 shares of face value RO 1 each, fully paid up.

Additional contribution from Sole Proprietor Company. At 31st December, 2023, the additional capital contribution of RO 15,00,000 (₹ 32.42 crores) received from the Sole Proprietor during the year 2023 was in process of registering as share capital with the Ministry of Commerce, Industry and Investment Promotion (MOCII). As of the date of financial position, said share capital has been registered with MOCII.

10. BORROWINGS

	RO	As at 31-12-2022 RO	₹ in '000s	As at 31-12-2022 ₹ in '000s
Short term loans*	—	10,00,000	—	2,14,870
Bank overdrafts	—	5,02,615	—	1,07,997
	—	15,02,615	—	3,22,867

*Short term loans of RO 10,00,000 (₹ 21.49 crores) were from related parties, unsecured, @ 5% and 6% (Previous year: 5%) interest per annum and were repayable on demand.

Bank facilities were secured against securities and several restrictive and financial covenants mentioned in Note number 21 to these financial statements.

11. CONTRACT AND OTHER PAYABLES

	RO	As at 31-12-2022 RO	₹ in '000s	As at 31-12-2022 ₹ in '000s
Contract payables*	**20,27,532**	19,35,058	**4,38,251**	4,15,786
Accruals**	**4,61,241**	5,17,198	**99,697**	1,11,130
VAT payable	**6,080**	10,695	**1,314**	2,298
Provision for expenses during defect liability period	**23,000**	23,000	**4,972**	4,942
	25,17,853	24,85,951	**5,44,234**	5,34,156

11. CONTRACT AND OTHER PAYABLES (contd.)

* Contract payables include RO 12,75,071 (₹ 27.56 crores) net [Previous year: RO 10,08,047 (₹ 21.66 crores) net] due to related parties, RO 59,699 (₹ 1.29 crores) [Previous year: RO 77,648 (₹ 1.67 crores)] due to erstwhile sole proprietor company and RO 4,346 (₹ 0.09 crore) [Previous year: RO 2,528 (₹ 0.05 crore)] due to ultimate parent company on account of trade dealings.

**Accruals include RO 99 (₹ 21,399) (Previous year: RO 1,888 (₹ 0.04 crore)] due to erstwhile sole proprietor company and RO Nil (₹ Nil) [Previous year: RO 2,520 (₹ 0.05 crore)] due to a related party.

The movement in provision for expenses during defect liability period account is as follows:

		As at 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
Opening balance	**23,000**	—	**4,942**	—
Provision made during the year	—	23,000	—	4,696
Closing balance	**23,000**	23,000	**4,972**	4,942

12. CONTRACT LIABILITY

		As at 31-12-2022		As at 31-12-2022
	RO	RO	**₹ in '000s**	₹ in '000s
Advances from customers	**78,043**	69,343	**16,869**	14,900

13. REVENUE

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Contract revenue	**7,10,415**	9,04,686	**1,53,102**	1,84,701
Maintenance and facility management service revenue	**13,27,639**	8,19,343	**2,86,119**	1,67,277
	20,38,054	17,24,029	**4,39,221**	3,51,978

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.

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Timing of revenue recognition				
At a point in time	—	—	—	—
Over a period of time	**20,38,054**	17,24,029	**4,39,221**	3,51,978
	20,38,054	17,24,029	**4,39,221**	3,51,978

14. COST OF WORKS EXECUTED

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Materials consumed and related expenses	**88,969**	58,617	**19,173**	11,968
Wages and related expenses	**44,052**	7,09,002	**9,494**	1,44,750
Depreciation on property, plant and equipment	**11,610**	20,329	**2,502**	4,150
Sub contract costs	**(14,504)**	4,802	**(3,126)**	980
Other direct costs	**35,677**	18,497	**7,689**	3,776
Total A	**1,65,804**	8,11,247	**35,732**	1,65,624
Maintenance and facility management service projects, trading and service costs	**16,16,741**	7,25,196	**3,48,424**	1,48,056
Depreciation on property, plant and equipment	**4,451**	78	**960**	16
Total B	**16,21,192**	7,25,274	**3,49,384**	1,48,072
Grand Total A+B	**17,86,996**	15,36,521	**3,85,116**	3,13,696

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

15. OTHER OPERATING INCOME

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Credit balances written back	**14,788**	—	**3,186**	—
Scrap sales	**2,114**	53,810	**456**	10,987
Write back of allowances for expected credit loss (net)	—	15,763	—	3,218
Recoveries of staff costs	**1,55,936**	1,99,267	**33,606**	40,682
Miscellaneous income	**580**	40,901	**125**	8,350
	1,73,418	3,09,741	**37,373**	63,237

16. OTHER OPERATING EXPENSES

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Rent	**8,748**	8,829	**1,885**	1,803
Repairs and maintenance	**261**	33,904	**56**	6,922
Insurance	**—**	2,193	**—**	448
Electricity and water	**3,078**	3,224	**664**	658
Telephones, fax and postage	**6,909**	8,725	**1,489**	1,781
Travelling and conveyance	**1,627**	1,790	**351**	365
Tender charges	**633**	10,153	**136**	2,073
Vehicle expenses	**4,906**	2,978	**1,057**	608
Advertisement and business promotion expenses	—	750	—	153
Legal and professional charges	**5,346**	7,865	**1,152**	1,606
Miscellaneous expenses	**4,330**	6,279	**933**	1,282
	35,838	86,690	**7,723**	17,699

17. FINANCE COSTS

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Interest on short term loan from related party	**32,133**	25,751	**6,925**	5,258
Guarantee commission expenses	**10,783**	19,188	**2,324**	3,917
Interest on bank borrowings	**17,481**	1,03,012	**3,767**	21,031
Bank charges and exchange difference	**1,769**	8,346	**381**	1,704
	62,166	1,56,297	**13,397**	31,910

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 2022 and 2023 are subject to agreement with the Taxation Authority.

(b) The income tax expense as per the statement of comprehensive income comprises:

		2022		2022
	RO	RO	**₹ in '000s**	₹ in '000s
Current tax				
Charge for the current year	—	—	—	—
Credit for the earlier year	**(1)**	—	—	—
Income tax credit as per statements of comprehensive income	**(1)**	—	—	—

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	2022 RO	**₹ in '000s**	2022 ₹ in '000s
Income tax expense on accounting net profit of RO 1,07,636 (₹ 2.32 crores) [Previous year: RO 59,765 (₹ 1.22 crores)] at applicable tax rates	**16,145**	8,965	**3,479**	1,830
Add / Less tax effect of:				
Depreciation adjustment based on depreciation rates as per Income Tax Law	**(1,067)**	(600)	**(230)**	(122)
Adjustments towards provisions made/reversed/write offs for income tax purpose	—	3,450	—	704
Expenses not considered as deductible expense for income tax purpose (net)	**150**	150	**32**	31
Adjustment of allowance for expected credit losses made/reversed/ write offs for income tax purposes (net)	**6,708**	(2,364)	**1,446**	(483)
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	**4,820**	3,861	**1,039**	788
Previous year's brought forward income tax loss set off against current year's taxable net profit	**(26,756)**	(13,006)	**(5,766)**	(2,655)
Income tax expense for the current year	—	—	—	—

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	**Ultimate parent company and sole proprietor company**	**Other Related Parties**	**Total**	2022 Total	**Total**	2022 Total
	RO	**RO**	**RO**	**RO**	RO	**₹ in '000s**	₹ in '000s
Miscellaneous income	—	—	**580**	**580**	53,661	**125**	10,955
Purchases from	—	—	**46**	**46**	16,612	**10**	3,392
Expenses from	**7,704**	**636**	**91,981**	**1,00,321**	1,18,042	**21,620**	24,099
Recoveries of staff costs	—	—	**1,55,936**	**1,55,936**	1,99,267	**33,606**	40,682
Interest expense	—	—	**32,133**	**32,133**	25,751	**6,925**	5,257
Issue of share capital	—	**15,00,000**	—	**15,00,000**	10,00,000	**3,23,265**	2,04,160
Short term loan received	—	—	—	—	5,00,000	—	1,02,080
Short term loan repaid	—	—	**10,00,000**	**10,00,000**	—	**2,15,510**	—
Material transfer	—	—	**518**	**518**	—	**112**	—
Maintenance income	—	—	**20,488**	**20,488**	—	**4,415**	—

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, 2023 (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 allowances.

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, 77.37% (Previous year: 79.70%) 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 negative variations of RO 55,000 (₹ 1.19 crores) [Previous year: RO 55,000 (₹ 1.18 crores)] which are over one year old, and positive variations of RO 4,41,798 (₹ 9.55 crores) that are pending for approval from the main contractor / client. These variations are due to remeasurement of contract works and are a part of main re-measurable 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 or amounts certified by Company's Management or variations evaluations and recommended by consultant as per copy of their letter to ultimate client for which the Company is confident that the same will be certified in due course by main contractor / client.

(ii) Contract receivables includes certified receivable of RO 15,000 (₹ 0.32 crore) [Previous year: RO 15,000 (₹ 0.32 crore)] which is over 10 years old. However, an amount of RO 10,500 (₹ 0.23 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 expected credit losses of RO 1,920 (₹ 0.04 crore) is provided in the books.

(iii) The Company has accrued income of RO 2,02,934 (₹ 4.39 crores) [Previous year: RO 2,55,010 (₹ 5.48 crores)] which includes RO 19,040 (₹ 0.41 crore) [Previous year: RO 2,23,602 (₹ 4.80 crores)] that has not been certified subsequently and no allowance for expected credit losses against accrued income has been made as at 31st December, 2023.

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 party were @ 5% and 6% 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.

- **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**		2022		2022
		RO	RO	**₹ in '000s**	₹ in '000s
Erstwhile sole proprietor company	Euros	**59,798**	79,536	**12,925**	17,090
Related party	Qatari Rials	**91,437**	74,765	**19,764**	16,065
Ultimate parent company	Indian Rupee	**4,346**	2,528	**939**	543

20 FINANCIAL INSTRUMENTS (contd.)

- **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, contract and other payables, current tax payable and contract liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- **CLASSIFICATION**

  The financial assets and financial liabilities are stated in the statement of financial position at amortised cost.

- **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, 2023					
Staff end-of-service gratuity	—	—	**1,35,534**	**1,35,534**	**29,296**
Contract and other payables	**25,17,852**	—	—	**25,17,852**	**5,44,234**
Contract liability	**78,043**	—	—	**78,043**	**16,869**
Current tax payable	**1**	—	—	**1**	—
	25,95,896	—	**1,35,534**	**27,31,430**	**5,90,399**
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 liability	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

21. CONTINGENT LIABILITIES

	RO	2022 RO	**₹ in '000s**	2022 ₹ in '000s
Banker's letter of guarantee	**11,91,770**	11,93,270	**2,57,601**	2,56,398

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.

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, 20th March, 2024 **A. R. Suresh Kumar**

VOLTAS QATAR W.L.L.

Directors:
Jitender Verma
A. R. Suresh Kumar
Dhulipala Srinivas Murthy
Manish Desai *(up to 21st March, 2024)*
Nikhil Chandarana *(w.e.f. 21st March, 2024)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present the Twelfth Annual Report and Accounts for the year ended 31st December, 2023.

2. The Company has reported lower turnover of Qatari Riyals (QR) 128.917 million for the year ended 31st December, 2023, as compared to QR 135.418 million last year. Due to non-receipt of overdue receivables, the Company has made provision for Expected Credit Loss for the Commercial Boulevard project (QR 122.273 million). The Company has also accounted for estimated cost overruns in some of its ongoing projects. As a result, the loss for the year was higher at QR 152.447 million as compared to loss of QR 81.716 million last year. The Auditors have in their Report drawn attention to Note 1.1 of the financial statements relating to "Going Concern" of the Company. As the Shareholder has committed to extend support to the Company, the financial statements have been prepared on a going concern basis.
3. The Company has booked orders worth QR 8.460 million during the year under review and the overall order book position as at 31st December, 2023, was QR 152.482 million.
4. The Directors do not recommend any dividend for the year ended 31st December, 2023 (Previous year: Nil).
5. 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 49% 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.
6. The Company had availed loan of QR 28.920 million from HSBC Bank Middle East Limited on account of encashment of Performance Bank Guarantee by the Main Contractor for one of its projects, as reported last year. Part of the loan was repaid by the Company during the year and an amount of QR 22 million was outstanding. The Company has availed an Inter Corporate Loan of QR 22 million from UMPPL in January 2024, subsequent to close of the financial year and repaid the balance bank loan.
7. Mr. Nikhil Chandarana was appointed as a Director of the Company with effect from 21st March, 2024, in place of Mr. Manish Desai. The Directors placed on record their appreciation for the contribution made by Mr. Manish Desai during his tenure on the Board.
8. 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, 21st March, 2024

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, 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 material accounting policies information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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.

Emphasis of a Matter

We draw attention to Note 1.1 of the financial statements which describes that the financial statements have been prepared on a going concern basis as the shareholder has committed to providing financial support to the Company to enable it to meet its obligations as they fall due. 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 IFRSs and their preparation in compliance with 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, except as mentioned below, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Association were committed during the year which would materially affect the Company activities or its financial position.

  The accumulated losses of the Company as of 31st December, 2023 amounted to QR 15,19,79,147 (₹ 346.97 crores) contravening the provisions of Qatar Commercial Companies' Law. The said law states that should the Company's losses exceed 50% of the capital of the Company, the shareholders should resolve to either dissolve the Company or increase its capital.

For **Deloitte & Touche**
Qatar Branch

Midhat Salha
Partner
License No. 257

Doha, 3rd April, 2024

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

	Notes	QR	As at 31-12-2022 QR	₹ in '000s	As at 31-12-2022 ₹ in '000s
ASSETS					
CURRENT ASSETS					
Cash and bank balances	5	**19,89,828**	12,73,647	**45,428**	28,836
Accounts receivable	6	**1,69,85,522**	11,01,61,343	**3,87,779**	24,94,053
Retention receivables	7	**1,58,37,378**	2,85,83,810	**3,61,567**	6,47,137
Contract assets	8(a)	**4,02,18,556**	6,01,11,235	**9,18,190**	13,60,918
Due from related parties	13(a)	**27,30,563**	81,181	**62,339**	1,838
Prepayments and other assets		**2,03,379**	1,73,755	**4,644**	3,934
Deferred tax	20(c)	**48,61,209**	49,24,425	**1,10,981**	1,11,489
Advances and other receivables		**81,98,411**	35,86,148	**1,87,170**	81,190
Total Current Assets		**9,10,24,846**	20,88,95,544	**20,78,098**	47,29,395
NON-CURRENT ASSETS					
Retention receivables	7	**1,58,37,378**	2,85,83,810	**3,61,568**	6,47,137
Property and equipment	9	**5,57,748**	6,98,096	**12,734**	15,805
Intangible assets	10	**40,091**	46,028	**915**	1,042
Right-of-use assets		**1,35,423**	7,887	**3,091**	179
Contract assets	8(a)	**96,30,000**	34,11,978	**2,19,853**	77,247
Total non-current assets		**2,62,00,640**	3,27,47,799	**5,98,161**	7,41,410
Total assets		**11,72,25,486**	24,16,43,343	**26,76,259**	54,70,805
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Bank loans	11	**14,33,82,812**	12,23,39,696	**32,73,430**	27,69,771
Trade and other payables	12	**9,32,03,292**	7,34,27,692	**21,27,832**	16,62,403
Advances from customers		—	1,96,89,486	—	4,45,770
Contract liabilities	8(b)	—	54,11,086	—	1,22,507
Due to related parties	13(b)	**90,03,197**	1,18,98,909	**2,05,543**	2,69,391
Provision for anticipated losses		**1,72,27,888**	2,18,840	**3,93,313**	4,955
Lease liability		**1,37,719**	8,696	**3,144**	197
Income tax payable	20(a)	—	—	—	—
Total Current Liabilities		**26,29,54,908**	23,29,94,405	**60,03,262**	52,74,994
NON-CURRENT LIABILITIES					
Lease liability		—	—	**—**	—
Employees' end-of-service benefits	14	**47,49,725**	66,80,888	**1,08,436**	1,51,254
Total non-current liabilities		**47,49,725**	66,80,888	**1,08,436**	1,51,254
Total Liabilities		**26,77,04,633**	23,96,75,293	**61,11,698**	54,26,248
EQUITY					
Share capital	1	**10,00,000**	10,00,000	**22,830**	22,640
Legal reserve	15	**5,00,000**	5,00,000	**11,415**	11,320
(Accumulated losses) / Retained earnings		**(15,19,79,147)**	4,68,050	**(34,69,684)**	10,597
Total equity / (deficit)		**(15,04,79,147)**	19,68,050	**(34,35,439)**	44,557
Total liabilities and equity		**11,72,25,486**	24,16,43,343	**26,76,259**	54,70,805

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) = ₹ 22.83, being the exchange rate prevailing as on 31st December, 2023. Previous year figures have been converted @ ₹ 22.64, being the exchange rate prevailing as on 31st December, 2022.

Directors **A. R. Suresh Kumar**

Doha, 21st March, 2024 **Dhulipala Srinivas Murthy**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Notes	QR	2022 QR	₹ in '000s	2022 ₹ in '000s
REVENUE	16	**12,89,16,553**	13,54,17,729	**29,31,562**	29,18,252
Cost of services and other direct costs	17	**(14,73,36,814)**	(13,25,47,058)	**(33,50,439)**	(28,56,389)
GROSS (LOSS) / PROFIT		**(1,84,20,261)**	28,70,671	**(4,18,877)**	61,863
Other Income	18	**37,50,160**	32,41,715	**85,279**	69,859
General and administrative expenses	19	**(12,56,55,417)**	(8,22,60,652)	**(28,57,404)**	(17,72,717)
Finance costs		**(1,18,77,196)**	(55,79,775)	**(2,70,087)**	(1,20,244)
LOSS BEFORE INCOME TAX		**(15,22,02,714)**	(8,17,28,041)	**(34,61,089)**	(17,61,239)
Income tax (expense) / benefit	20(b)	**(2,44,483)**	11,816	**(5,560)**	255
LOSS FOR THE YEAR		**(15,24,47,197)**	(8,17,16,225)	**(34,66,649)**	(17,60,984)
Other comprehensive income		—	—	—	—
Total comprehensive loss for the year		**(15,24,47,197)**	(8,17,16,225)	**(34,66,649)**	(17,60,984)

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 = ₹ 22.74, being the average of the exchange rates prevailing as on 31st December, 2022 (1 QR = ₹ 22.64) and as on 31st December, 2023 (1 QR = ₹ 22.83). Previous year figures have 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).

Directors **A. R. Suresh Kumar**

Doha, 21st March, 2024 **Dhulipala Srinivas Murthy**

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

	Share capital		Legal reserve		(Accumulated losses)/ Retained earnings		Total	
	QR	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**	**QR**	**₹ in '000s**
Balance at 1st January, 2022	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 loss 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
Total comprehensive loss for the year	—	—	—	—	(15,24,47,197)	(34,66,649)	(15,24,47,197)	(34,66,649)
Balance at 31st December, 2023	**10,00,000**	**22,830**	**5,00,000**	**11,415**	**(15,19,79,147)**	**(34,69,684)**	**(15,04,79,147)**	**(34,35,439)**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2023

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
OPERATING ACTIVITIES				
Loss before income tax	**(15,22,02,714)**	(8,17,28,041)	**(34,61,089)**	(17,61,239)
Adjustments for:				
Depreciation of property and equipment	**2,40,085**	3,53,888	**5,460**	7,626
Amortisation of intangible assets	**4,512**	6,380	**103**	137
Amortisation of right-of-use assets	**1,09,025**	1,02,041	**2,479**	2,199
Provision for anticipated losses	**1,70,09,048**	—	**3,86,786**	—
Provisions for employees' end-of-service benefits	**18,83,631**	27,31,512	**42,834**	58,864
Provision for loss allowance – contract assets	**1,61,15,481**	—	**3,66,466**	—
Provision for loss allowance – accounts receivable	**7,95,32,632**	4,79,63,730	**18,08,572**	10,33,618
Provision for loss allowance – retentions receivable	**2,66,25,122**	3,13,09,606	**6,05,455**	6,74,722
Finance cost	**1,18,77,198**	55,79,775	**2,70,087**	1,20,244
Interest on lease liabilities	**10,358**	6,579	**236**	142
	12,04,378	63,25,470	**27,389**	1,36,313
Movement in working capital:				
Accounts receivable	**1,36,43,189**	(2,40,61,597)	**2,80,349**	(8,50,812)
Contract assets	**(24,40,824)**	52,91,650	**(69,979)**	56,090
Retentions receivable	**(11,32,258)**	(60,19,450)	**(48,971)**	(3,89,608)
Prepayments and other assets	**(29,624)**	(37,190)	**(709)**	(1,141)
Advances and other receivables	**(46,12,263)**	(23,53,867)	**(1,05,979)**	(55,990)
Trade and other payables	**1,97,75,600**	(14,01,544)	**4,65,428**	(1,32,145)
Advances from customers	**(1,96,89,486)**	(1,20,74,309)	**(4,45,770)**	(2,03,800)
Contract liabilities	**(54,11,086)**	(5,40,340)	**(1,22,507)**	(800)
Due from / to related parties	**(60,79,246)**	47,27,945	**(1,36,282)**	1,25,586
Cash used in operations	**(47,71,620)**	(3,01,43,232)	**(1,08,936)**	(6,82,443)
Employees' end-of-service benefits paid	**(32,80,642)**	(4,56,107)	**(74,602)**	(9,829)
Income tax paid	**(1,81,266)**	(69,19,859)	**(4,122)**	(1,49,123)
Finance cost paid	**(1,18,77,198)**	(55,79,775)	**(2,70,087)**	(1,20,244)
Repayment of interest portion of lease liabilities	**(10,358)**	(6,579)	**(236)**	(142)
Net cash used in operations	**(2,01,21,084)**	(4,31,05,552)	**(4,59,364)**	(9,75,910)
INVESTING ACTIVITIES				
Additions to property and equipment	**(1,07,813)**	(2,96,484)	**(2,452)**	(6,389)
Proceeds from disposal of equipment	**8,076**	—	**184**	—
Net cash used in investing activities	**(99,737)**	(2,96,484)	**(2,277)**	(6,712)
FINANCING ACTIVITIES				
Net movement in bank loans	**2,10,43,117**	2,85,02,850	**5,03,659**	8,50,807
Dividends paid to partners	—	(1,00,00,000)	—	(2,02,900)
Repayment of principal portion of lease liabilities	**(1,06,115)**	(1,09,833)	**(2,413)**	(2,367)
Net cash generated from financing activities	**2,09,37,002**	1,83,93,017	**4,77,992**	4,16,418
Net increase / (decrease) in cash and cash equivalents	**7,16,181**	(2,50,09,019)	**16,592**	(5,08,645)
Cash and cash equivalents at the beginning of the year	**12,73,647**	2,62,82,666	**28,836**	5,37,481
Cash and cash equivalents at the end of the year (Note 5)	**19,89,828**	12,73,647	**45,428**	28,836

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

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	11,643
Universal MEP Projects Pte Limited	97.75%	49%	4,90,000	11,187
	100%	**100%**	**10,00,000**	**22,830**

Voltas Netherlands B.V. had transferred its 49% shareholding in the Company to its wholly owned subsidiary in the Republic of Singapore – Universal MEP Projects Pte. Limited. The change of shareholder in the Commercial Registration of the Company was effective from 13th November, 2023.

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.

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.

1.1 Going Concern

Although the Company has incurred losses of QR 15,24,47,197 (₹ 346.66 crores) for the year ended 31st December, 2023, current liabilities exceeds current assets by QR 17,19,30,062 (₹ 392.52 crores) and has equity deficit of QR 15,04,79,147 (₹ 343.54 crores) as of 31st December, 2023, the accompanying financial statements have been prepared on a going concern basis, as the shareholder has committed to provide continuing financial support for the Company to meet its financial obligations as they fall due.

The accumulated losses of the Company as at 31st December, 2023 amounted to QR 15,19,79,147 (₹ 346.97 crores) contravening the Qatar Commercial Companies' Law. The said law states that should the Company's losses exceed 50% of its capital, the shareholders should resolve to either dissolve the Company or increase its capital. If the resolution is not passed, then the shareholders become personally liable for the Company's liabilities.

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 of 1st January, 2023:

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, 2023, have been adopted in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 (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.)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1st January, 2023.	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
Amendments to IAS 12 Income Taxes-Deferred tax related to assets and liabilities arising from a single transaction.	1st January, 2023
Amendments to IAS 12 Income Taxes-International Tax Reform-Pillar Two Model Rules.	1st January, 2023

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years.

2.2 New and amended IFRS accounting standards 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
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	Available for optional adoption / effective date deferred indefinitely
Amendments to IAS 1- Classification of Liabilities as Current or Non-current.	1st January, 2024. Early application permitted
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.	1st January, 2024. Early application permitted

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. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (contd.)

(c) Interests in joint operations (contd.)

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) 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.

(f) 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.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (contd.)

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 on trade receivables, retention receivable, contract assets, other receivables and amounts due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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.

Measurement and recognition of expected credit losses

The measurement of expected credit losses 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.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the 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 risks 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.

(g) Financial liabilities

All financial liabilities 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.

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.

(h) 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.

(i) 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.

(j) 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (contd.)

(j) Revenue recognition (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 recognized 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.

(k) 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.

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 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 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.

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.

(l) 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 realized, 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 recognized in the statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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

4. CRITICAL ACCOUNTING JUDGMENTS 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.

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 analyzed 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

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.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (contd.)

(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 (₹ 10.57 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.

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.

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

5. CASH AND BANK BALANCES

Cash and cash equivalents 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 31-12-2022		As at 31-12-2022
	QR	QR	**₹ in '000s**	₹ in '000s
Cash on hand	**66,000**	1,02,374	**1,507**	2,318
Bank balance - current account	**19,23,828**	11,71,273	**43,921**	26,518
	19,89,828	12,73,647	**45,428**	28,836

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 31-12-2022		As at 31-12-2022
	QR	QR	**₹ in '000s**	₹ in '000s
Accounts receivable	**15,01,70,671**	16,38,13,860	**34,28,396**	37,08,746
Loss allowance	**(13,31,85,149)**	(5,36,52,517)	**(30,40,617)**	(12,14,693)
	1,69,85,522	11,01,61,343	**3,87,779**	24,94,053

This amount includes receivable from customer on account of encashment of bank guarantee amounting to QR 2,89,20,000 (₹ 66.02 crores) [gross amount of QR 5,78,40,000 (₹ 132.05 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 expected credit losses 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 expected credit losses as at the year-end is QR 13,31,85,149 (₹ 304.06 crores) [as at 31st December, 2022: QR 5,36,52,517 (₹ 121.47 crores)].

The average credit period is 60 days. No interest is charged on the overdue receivables.

As at 31st December, 2023, 86% (2022: 88%) of the gross receivable is due from 2 customers.

The loss allowance as at 31st December, 2023 and 31st December, 2022 was determined for accounts receivable as follows:

31st December, 2023	**Less than 60 days**	**61 - 360 days**	**Over 360 days**	**Total**	**Total**
	QR	**QR**	**QR**	**QR**	**₹ in '000s**
Expected credit loss rate	**33%**	**41%**	**100%**	—	—
Estimated total gross carrying amount at default	**1,48,36,949**	**1,21,05,041**	**12,32,28,681**	**15,01,70,671**	**34,28,396**
Lifetime ECL	**(49,56,468)**	**(50,00,000)**	**(12,32,28,681)**	**(13,31,85,149)**	**(30,40,617)**
				1,69,85,522	**3,87,779**

6. ACCOUNTS RECEIVABLE (contd.)

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%	—	98%	—	—
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

Movement in loss allowance:

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Balance 1st January	**5,36,52,517**	56,88,787	**12,14,693**	1,16,336
Loss allowance during the year	**7,95,32,632**	4,79,63,730	**18,08,572**	10,33,618
Balance as at 31st December	**13,31,85,149**	5,36,52,517	**30,40,617**	12,14,693

7. RETENTIONS RECEIVABLE

		As at 31-12-2022		As at 31-12-2022
	QR	QR	**₹ in '000s**	₹ in '000s
Retention receivables	**12,28,26,641**	12,16,94,383	**2,804,133**	27,55,160
Less - Loss allowance	**(9,11,51,885)**	(6,45,26,763)	**(2,080,998)**	(14,60,886)
	3,16,74,756	5,71,67,620	**7,23,135**	12,94,274
Analysed as:				
Short term	**1,58,37,378**	2,85,83,810	**3,61,567**	6,47,137
Long term	**1,58,37,378**	2,85,83,810	**3,61,568**	6,47,137
Total	**3,16,74,756**	5,71,67,620	**7,23,135**	12,94,274

The loss allowance as at 31st December, 2023 and 31st December, 2022 was determined for retention receivable as follows:

31st December, 2023	**Not due**	**Overdue**	**Total**	**Total**
	QR	**QR**	**QR**	**₹ in '000s**
Expected Credit Loss rate	**46%**	**100%**	—	—
Estimated total gross carrying amount at default	**5,82,99,878**	**6,45,26,763**	**12,28,26,641**	**28,04,133**
Lifetime ECL	**(2,66,25,122)**	**(6,45,26,763)**	**(9,11,51,885)**	**(20,80,998)**
			3,16,74,756	**7,23,135**

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

7. RETENTIONS RECEIVABLE (contd.)

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	12,94,274

Movement in loss allowance:

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Balance 1st January	**6,45,26,763**	3,32,17,157	**14,60,886**	6,79,290
Loss allowance during the year	**2,66,25,122**	3,13,09,606	**6,05,455**	6,74,722
Balance as at 31st December	**9,11,51,885**	6,45,26,763	**20,80,998**	14,60,886

Retention receivables 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 expected credit losses (ECL) using the simplified approach. The expected credit losses on retention receivables 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.

8.A. CONTRACT ASSETS

		As at 31-12-2022		As at 31-12-2022
	QR	QR	**₹ in '000s**	₹ in '000s
Cost plus attributable profits less losses, if any	**1,45,20,91,969**	1,04,33,91,455	**3,31,51,260**	2,36,22,382
Less: Progress billings	**(1,37,47,29,605)**	(96,84,69,915)	**(3,13,85,077)**	(2,19,26,159)
	7,73,62,364	7,49,21,540	**17,66,183**	16,96,223
Loss allowance	**(2,75,13,808)**	(1,13,98,327)	**(6,28,140)**	(2,58,058)
	4,98,48,556	6,35,23,213	**11,38,043**	14,38,165
Classified as:				
Short term	**4,02,18,556**	6,01,11,235	**9,18,190**	13,60,918
Long term	**96,30,000**	34,11,978	**2,19,853**	77,247
Total	**4,98,48,556**	6,35,23,213	**11,38,043**	14,38,165

8.A. CONTRACT ASSETS (contd.)

Set out below is the movement in the allowance for expected credit losses of contract assets:

		As at 31-12-2022		As at 31-12-2022
	QR	QR	**₹ in '000s**	₹ in '000s
Balance as at 1st January	**1,13,98,327**	1,15,01,476	**2,58,058**	2,35,205
Reversals	**—**	(1,03,149)	**—**	(2,223)
Loss allowance for the year	**1,61,15,481**	—	**3,66,466**	—
Balance as at 31st December	**2,75,13,808**	1,13,98,327	**6,28,140**	2,58,058

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 asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

8.B. CONTRACT LIABILITIES

		As at 31-12-2022		As at 31-12-2022
	QR	QR	**₹ in '000s**	₹ in '000s
Value of work performed	**—**	34,18,97,888	**—**	77,40,568
Less: Progress billings	**—**	(34,73,08,974)	**—**	(78,63,075)
	—	(54,11,086)	**—**	(1,22,507)

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.

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, 2022	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
Additions during the year	—	—	89,512	2,036	18,301	416	—	—	1,07,813	2,452
Disposals during the year	(5,350)	(122)	(92,669)	(2,107)	(63,490)	(1,444)	—	—	(1,61,509)	(3,673)
At 31st December, 2023	**2,33,250**	**5,326**	**8,01,031**	**18,288**	**15,85,169**	**36,189**	**238,961**	**5,455**	**28,58,411**	**65,258**

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

9. PROPERTY AND EQUIPMENT (contd.)

	Porta Cabins		Machinery		Computers and office equipment		Vehicles		Total	
	QR	₹ in '000s	QR	₹ in '000s	QR	₹ in '000s	QR	₹ in '000s	QR	₹ in '000s
Accumulated depreciation										
At 1st January, 2022	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
Charge for the year	56,914	1,295	1,06,261	2,416	76,910	1,749	—	—	2,40,085	5,460
Disposals during the year	(5,083)	(116)	(88,036)	(2,002)	(60,314)	(1,372)	—	—	(1,53,433)	(3,490)
At 31st December, 2023	**1,64,330**	**3,752**	**7,55,947**	**17,258**	**11,41,425**	**26,059**	**238,961**	**5,455**	**23,00,663**	**52,524**
Carrying value										
At 31st December, 2023	**68,920**	**1,574**	**45,084**	**1,030**	**4,43,744**	**10,130**	**—**	**—**	**5,57,748**	**12,734**
At 31st December, 2022	1,26,101	2,855	66,466	1,505	5,05,529	11,445	—	—	6,98,096	15,805

10. INTANGIBLE ASSETS

		As at 31-12-2022		As at 31-12-2022
Software	**QR**	QR	**₹ in '000s**	₹ in '000s
Cost				
At 1st January	**6,75,028**	6,75,028	**15,283**	13,805
Additions during the year	**(28,518)**	—	**(648)**	—
At 31st December	**6,46,510**	6,75,028	**14,760**	15,283
Accumulated amortisation				
At 1st January	**6,29,000**	6,22,620	**14,241**	12,733
Charge for the year	**4,512**	6,380	**103**	137
Disposals during the year	**(27,093)**	—	**(616)**	—
At 31st December	**6,06,419**	6,29,000	**13,845**	14,241
Carrying value				
At 31st December	**40,091**	46,028	**915**	1,042

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 31-12-2022		As at 31-12-2022
	QR	QR	**₹ in '000s**	₹ in '000s
Trade payables	**4,41,27,934**	2,77,41,249	**10,07,442**	6,28,062
Accruals and other liabilities	**2,89,50,639**	2,54,36,088	**6,60,943**	5,75,873
Retentions payable	**1,87,65,242**	1,81,25,283	**4,28,410**	4,10,356
Leave salary	**13,59,478**	21,25,072	**31,037**	48,112
	9,32,03,292	7,34,27,692	**21,27,832**	16,62,403

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*

	QR	As at 31-12-2022 QR	₹ in '000s	As at 31-12-2022 ₹ in '000s
Saudi Ensas Company for Engineering Services W.L.L.	**5,57,898**	81,181	**12,737**	1,838
Universal Voltas L.L.C.	**7,817**	—	**178**	—
Voltas Oman S.P.C.	**4,680**	—	**107**	—
Hamad and Mohamad Al Futaim	**21,60,168**	—	**49,317**	—
	27,30,563	81,181	**62,339**	1,838

(b) *Due to related parties*

	QR	As at 31-12-2022 QR	₹ in '000s	As at 31-12-2022 ₹ in '000s
Hamad and Mohamad Al Futtaim	—	24,62,720	—	55,755
Voltas Limited – Qatar Branch	**41,14,270**	60,21,410	**93,929**	1,36,325
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**4,53,173**	4,51,173	**10,346**	10,215
Voltas Netherlands B.V.	**7,22,252**	2,81,770	**16,489**	6,379
Voltas Limited – UAE Branch	**24,05,047**	17,34,867	**54,907**	39,277
Voltas Limited – Head office	**13,08,455**	7,91,863	**29,872**	17,928
Voltas Limited – Singapore	**—**	1,55,106	—	3,512
	90,03,197	1,18,98,909	**2,05,543**	2,69,391

(c) *Related party transactions*

	QR	2022 QR	₹ in '000s	2022 ₹ in '000s
Manpower costs	**70,42,358**	1,42,23,445	**1,60,143**	3,06,515
Subcontract	**—**	6,10,880	**—**	13,164
General expenses	**4,57,771**	3,07,113	**10,410**	6,618

(d) Compensation of key management personnel

The compensation of key management personnel during the year are as follows:

	QR	2022 QR	₹ in '000s	2022 ₹ in '000s
Short term benefits of key management personnel	**17,70,672**	21,42,060	**40,265**	46,161
End-of-service and other benefits	**2,00,472**	2,39,160	**4,559**	5,154
	19,71,144	23,81,220	**44,824**	51,315

14. EMPLOYEES' END-OF-SERVICE BENEFITS

	QR	As at 31-12-2022 QR	₹ in '000s	As at 31-12-2022 ₹ in '000s
Balance at 1st January	**66,80,888**	30,78,567	**1,51,255**	62,957
Provided during the year	**18,83,631**	27,31,512	**42,834**	58,864
Transferred (to)/ from a related party	**(5,34,152)**	13,26,916	**(12,147)**	28,595
End-of-service benefits paid	**(32,80,642)**	(4,56,107)	**(74,602)**	(9,829)
Balance at 31st December	**47,49,725**	66,80,888	**1,08,436**	1,51,254

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

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.

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Revenue recognition				
Contract revenue – Overtime	**12,89,16,553**	13,54,17,729	**29,31,562**	29,18,252

The transaction price allocated to partially unsatisfied performance obligations at 31st December, 2023 is QR 12,73,14,163 (₹ 289.51 crores) [2022: QR 22,95,80,611 (₹ 494. 75 crores)].

17. COST OF SERVICES AND OTHER DIRECT COSTS

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Cost of materials	**8,01,40,864**	7,74,81,161	**18,22,403**	16,69,719
Manpower costs	**4,11,74,154**	4,64,11,078	**9,36,300**	10,00,159
Rent	**47,73,371**	36,14,326	**1,08,546**	77,889
Provision for anticipated losses	**1,70,09,048**	—	**3,86,786**	—
Site office maintenance	**4,81,234**	6,69,535	**10,943**	14,428
Depreciation of plant and equipment (Note 9)	**2,40,085**	3,53,888	**5,460**	7,626
Printing and stationery	**2,42,867**	2,52,053	**5,523**	5,432
Amortisation of intangible assets (Note 10)	**4,512**	6,380	**103**	137
Amortisation of right-of-use assets	**1,09,025**	1,02,041	**2,479**	2,199
Transportation	**23,44,857**	20,63,315	**53,322**	44,464
Communication	**6,86,619**	11,35,478	**15,614**	24,470
Other direct costs	**1,30,178**	4,57,803	**2,960**	9,866
	14,73,36,814	13,25,47,058	**33,50,439**	28,56,389

18. OTHER INCOME

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Loss on sale of property and equipment	**(3,606)**	—	**(82)**	—
Scrap sales	**4,82,743**	1,56,487	**10,978**	3,372
Reversal of expected credit loss on WIP	**—**	1,03,149	**—**	2,223
Miscellaneous income	**32,71,023**	29,82,079	**74,383**	64,264
	37,50,160	32,41,715	**85,279**	69,859

19. GENERAL AND ADMINISTRATIVE EXPENSES

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Services charges	**6,56,478**	12,46,071	**14,929**	26,853
Professional fees	**21,16,421**	11,11,469	**48,127**	23,953
Exchange loss	**2,41,868**	88,511	**5,500**	1,907
Provision for loss allowance – accounts receivable	**7,95,32,632**	4,79,63,730	**18,08,572**	10,33,618
Provision for loss allowance – retentions receivable	**2,66,25,122**	3,13,09,606	**6,05,455**	6,74,722
Provision for loss allowance – contract asset	**1,61,15,481**	—	**3,66,466**	—
Registration and licenses	**1,13,094**	65,092	**2,572**	1,403
Vehicle maintenance	**22,178**	53,057	**504**	1,143
Air passage and conveyance	**2,05,544**	19,414	**4,674**	418
Miscellaneous expenses	**26,599**	4,03,702	**605**	8,700
	12,56,55,417	8,22,60,652	**28,57,404**	17,72,717

20. INCOME TAX

			2022		2022
		QR	QR	**₹ in '000s**	₹ in '000s
(a)	(Loss) / profit for the year before income tax	**(15,22,02,714)**	(8,17,28,041)	**(34,61,089)**	(17,61,239)
	Adjustments for:				
	Provision of loss allowance on trade receivables	**7,95,32,633**	1,89,40,581	**18,08,572**	4,08,170
	Provision of loss allowance on retention receivables	**2,66,25,122**	3,13,09,606	**6,05,455**	6,74,722
	Provision for anticipated losses	**1,70,09,048**	—	**3,86,786**	—
	Provision / (reversal) for provision for impairment loss	**—**	(4,18,126)	—	(9,011)
	Non-deductible expense and adjustments	**—**	12,21,505	—	26,323
	Taxable (loss) / income	**(2,90,35,911)**	(3,06,74,475)	**(6,60,276)**	(6,61,035)
	Income tax expense at 10%	**—**	—	**—**	—
	Share in taxes of foreign partner at 97.75% to be paid to General Tax Authority (Note 1)	**—**	—	**—**	—

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023 (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:

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Current income tax:				
Current year tax expense	**—**	—	**—**	—
Prior year income tax adjustment	**(244,483)**	75,354	**(5,560)**	1,624
Other adjustments	**63,216**	—	**1,438**	—
Deferred income tax:				
Deferred tax adjustment	**(63,216)**	(63,538)	**(1,438)**	(1,369)
Income tax expense reported in the statement of Profit or loss	**(2,44,483)**	11,816	**(5,560)**	255

(c) Deferred tax assets

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, 2023				
Loss allowance - account receivable (Note 6)	**13,31,85,149**	**—**	**13,31,85,149**	**30,40,617**
Loss allowance - retention receivable (Note 7)	**9,11,51,885**	**—**	**9,11,51,885**	**20,80,998**
Loss allowance - contract assets (Note 8)	**2,75,13,808**	**—**	**2,75,13,808**	**6,28,140**
Total	**25,18,50,842**	**—**	**25,18,50,842**	**57,49,755**
Effective deferred tax rate @ 10% @ 97.75% (Note 1)			**2,46,18,420**	**5,62,039**

Deferred tax asset has been recognised amounting to QR 48,61,209 (₹ 11.10 crores) which is to the extent of estimated future taxable profits of 3 years.

Movement in the deferred tax asset are as follows:

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Balance as at 1st January	**49,24,425**	49,87,963	**1,11,489**	1,02,004
Deferred tax adjustment	**(63,216)**	(63,538)	**(1,438)**	(1,369)
Balance as at 31st December	**48,61,209**	49,24,425	**1,10,981**	1,11,489

21. CONTINGENCIES

		2022		2022
	QR	QR	**₹ in '000s**	₹ in '000s
Performance bonds	**2,87,67,649**	2,21,24,533	**6,56,765**	5,00,899
Advance payment guarantees	**91,17,688**	1,13,00,790	**2,08,157**	2,55,850
Letters of credit	**1,16,13,472**	3,41,08,360	**2,65,136**	7,72,213

21. CONTINGENCIES (contd.)

Tax contingency

The Company received a tax assessment from the General Tax Authority ("GTA") related to the fiscal year 2017 resulting in additional tax and penalties in the aggregate amount of QR 5.800 million (₹ 13.19 crores). The Company has filed objection, which was rejected. Subsequent to which the Company filed an appeal before the Tax Appeal Committee, the matter is currently under review as of the date of issuance of these financial statements. Based on the analysis of the tax assessment, the management believes that the payment of additional taxes and / or penalties, is not probable, and accordingly, no provision for related tax liability has been made in these financial statements.

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 at 31st December, 2023	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	14,95,617	7,47,809	17,072
Retentions receivable	1,86,402	93,201	2,128
Due from related parties	43,20,335	21,60,168	49,317
Contract assets	33,72,967	16,86,483	38,502
Advances paid	90,89,656	45,44,828	1,03,758
Total current assets	**1,84,64,977**	**92,32,489**	**2,10,777**
Non-current assets			
Plant and equipment	48,502	24,251	554
Intangible assets	61,500	30,750	702
Total non-current assets	**1,10,002**	**55,001**	**1,256**
Total assets	**1,85,74,979**	**92,87,490**	**2,12,033**
Current liabilities			
Trade and other payables	2,42,73,299	1,21,36,650	2,77,080
Advances from customers	—	—	—
Total liabilities	**2,42,73,299**	**1,21,36,650**	**2,77,080**
Accumulated losses	(56,98,320)	(28,49,160)	(65,047)
Total liabilities and accumulated losses	**1,85,74,979**	**92,87,490**	**2,12,033**
Statement of profit or loss			
Contract revenue	1,93,18,395	96,59,198	2,19,650
Contract cost	(1,41,58,786)	(70,79,393)	(1,60,985)
Profit for the year	37,52,758	18,76,379	42,669

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

22. INTEREST IN JOINT ARRANGEMENT (contd.)

As at 31st December, 2022	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)
Profit for the year	(10,46,40,330)	(5,23,20,165)	(11,27,500)

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, contract assets and due from related parties. 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.

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 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, contract assets and due from related parties. 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 tables below detail the credit quality of the Company's 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, 2023	**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**	**20,86,134**	**—**	**20,86,134**	**47,626**
Accounts receivables	**6**	**N/A**	**I**	**Lifetime ECL**	**15,01,70,671**	**(13,31,85,149)**	**1,69,85,522**	**3,87,779**
Retentions receivable	**7**	**N/A**	**I**	**Lifetime ECL**	**12,28,26,641**	**(9,11,51,885)**	**3,16,74,756**	**7,23,135**
Contract Assets	**8**	**N/A**	**I**	**Lifetime ECL**	**7,73,62,364**	**(2,75,13,808)**	**4,98,48,556**	**11,38,043**
Due from related parties	**13 (a)**	**N/A**	**I**	**Lifetime ECL**	**27,30,563**	**—**	**27,30,563**	**62,339**

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

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

24. FINANCIAL RISK MANAGEMENT (contd.)

For trade receivables, retentions receivable, contract assets and due from related parties, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses 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 profile of these assets is presented based on their past due status in terms of the provision matrix.

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 7,17,603 (₹ 1.64 crores) [2022: QR 6,11,698 (₹ 1.38 crores)].

Liquidity risk

Liquidity risk represents the risk that the Company will not be able to settle its financial obligations as they fall due.

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, 2023

	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	—	9,32,03,292	—	—	9,32,03,292	21,27,832
Due to Related parties	—	90,03,197	—	—	90,03,197	2,05,543
Bank loans	QLMR + 2%	14,33,82,812	—	—	14,33,82,812	32,73,430
Lease liability	—	1,37,719	—	—	1,37,719	3,144
		24,57,27,020	—	—	24,57,27,020	56,09,949

24. FINANCIAL RISK MANAGEMENT (contd.)

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
Lease liability	—	8,696	—	—	8,696	197
		20,76,74,993	—	—	20,76,74,993	47,01,762

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, statutory reserve and accumulated losses.

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 1-1-2023	**Financing cash flows**	**Other changes**	**As at 31-12- 2023**	**As at 31-12-2023**
	QR	**QR**	**QR**	**QR**	**₹ in '000s**
Bank loan	**12,23,39,696**	**2,10,43,116**	**—**	**14,33,82,812**	**32,73,430**
Lease liabilities	**8,696**	**(1,30,335)**	**2,59,358**	**1,37,719**	**3,144**
	12,23,48,392	**2,09,12,781**	**2,59,358**	**14,35,20,531**	**32,76,574**

	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

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by Management of the Company and authorized for issue on 21st March, 2024.

Directors **A. R. Suresh Kumar**
Dhulipala Srinivas Murthy

Doha, 21st March, 2024

VOLTAS NETHERLANDS B.V.

Directors :

V. P. Malhotra
Yolanda Ortola Martinez *(Representative of TMF Management B.V.)*

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Twenty Fifth Annual Report and the Accounts for the year ended 31st March, 2024.

2. The Company has reported loss of Euro 0.293 million for the year ended 31st March, 2024, as compared to profit of Euro 0.323 million in the previous year due to certain standing fixed costs.

3. As part of an internal restructuring exercise, the Company had during the year 2022, approved the transfer of Company's 49% shareholding in Voltas Qatar W.L.L. to its wholly owned subsidiary in the Republic of Singapore – Universal MEP Projects Pte. Limited (UMPPL). The legal process was completed during the year and the Commercial Registration Certificate of Voltas Qatar W.L.L. has been suitably amended to reflect the name of UMPPL as a shareholder in place of the Company.

4. During the year, the share capital of the Company was increased by Euro 5 million. Further, the Company has also made additional investment aggregating Euro 4.838 million in UMPPL.

5. The Directors do not recommend any dividend for the year ended 31st March, 2024 (Previous Year: Nil).

6. M/s. Newtone (erstwhile PKF Wallast), Advisers and Accountants, the retiring Auditors, being eligible, offer themselves for reappointment.

On behalf of the Board of Directors

V.P. Malhotra
Yolanda Ortola Martinez

Amsterdam, 26th April, 2024

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, 2024 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, 2024 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. the Balance Sheet for the year ended 31st March, 2024;
2. the Profit and Loss Account for the year then ended; and
3. the 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, 2024, 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.

Hoofddorp, The Netherlands. **Newtone**

22nd April, 2024 Drs. E. Bakker RA CDPSE

BALANCE SHEET AS AT 31ST MARCH, 2024

	Euro	As at 31-3-2023 Euro	₹ in '000s	As at 31-3-2023 ₹ in '000s
SOURCES OF FUNDS				
Share capital	**56,13,570**	6,13,575	**5,04,492**	54,897
Share premium reserve	**5**	—	—	—
Other reserve	**80,73,752**	83,67,723	**7,25,588**	7,48,660
Statutory reserve	**5,154**	5,154	**463**	461
Total Shareholders' Funds	**1,36,92,481**	89,86,452	**12,30,543**	8,04,018
APPLICATION OF FUNDS				
Participations (at cost)				
Voltas Qatar W.L.L.	—	1,01,056	—	9,041
Universal MEP Projects Pte. Limited	**1,31,42,105**	82,02,982	**11,81,081**	7,33,921
	1,31,42,105	83,04,038	**11,81,081**	7,42,962
Loans to participations				
Universal MEP Projects Pte. Limited	—	35,261	—	3,155
	—	35,261	—	3,155
CURRENT ASSETS, LOANS & ADVANCES (NOMINAL VALUE)				
Trade receivables	**3,24,395**	2,55,936	**29,153**	22,899
Other receivables	**49,689**	47,056	**4,466**	4,210
Bank balances	**3,17,278**	4,14,836	**28,514**	37,115
Less: Current Liabilities	**(1,40,986)**	(70,675)	**(12,671)**	(6,323)
Net Current Assets	**5,50,376**	6,47,153	**49,462**	57,901
	1,36,92,481	89,86,452	**12,30,543**	8,04,018

Note: The Balance Sheet has been converted into Indian Rupees @ 1 Euro = ₹ 89.87 being the exchange rate prevailing as on 31st March, 2024. Previous year figures have been converted @ 1 Euro = ₹ 89.47 being the exchange rate prevailing as on 31st March, 2023.

Directors **V. P. Malhotra**

Amsterdam, 26th April, 2024 **Yolanda Ortola Martinez**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2024

	Euro	2022-23 Euro	₹ in '000s	2022-23 ₹ in '000s
OTHER INCOME				
Dividends from participations	—	1,04,179	—	9,065
Fees Corporate Guarantee	**1,34,111**	1,49,633	**12,026**	13,020
	1,34,111	2,53,812	**12,026**	22,085
EXPENSES				
Operating and Administrative Expenses	**(4,29,940)**	(3,30,243)	**(38,553)**	(28,734)
Value adjustment participations	—	3,38,684	—	29,469
Value adjustment receivables from participations	—	43,068	—	3,747
Financial results	**1,858**	17,592	**167**	1,531
	(4,28,082)	69,101	**(38,386)**	6,013
(Loss) / Profit	**(2,93,971)**	3,22,913	**(26,360)**	28,098

Note: The Profit and Loss Account has been converted into Indian Rupees @ 1 Euro = ₹ 89.67 being the average of the exchange rates prevailing as on 31st March, 2023 (1 Euro = ₹ 89.47) and as on 31st March, 2024 (1 Euro = ₹ 89.87). Previous years figures have 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).

Directors **V. P. Malhotra**

Amsterdam, 26th April, 2024 **Yolanda Ortola Martinez**

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, 2023 up to and including 31st March, 2024.

Participations

The participations consists of acquired interests in the capital of the following company as per 31st March, 2024:

	%	Euro	₹ in '000s
Universal MEP Projects Pte. Limited	100	1,31,42,105	11,81,081

The participations are valued at cost and if applicable less impairments in value.

	Euro	₹ in '000s
Balance as per 31st March, 2023	82,02,982	7,33,921
Additional investment during the year	48,38,067	4,33,829
Transfer of shareholding during the year	1,01,056	9,062
Balance as per 31st March, 2024	1,31,42,105	11,81,081

Changes in the organizational structure

During the year 2022, the Board of Directors of Voltas Netherlands B.V. had approved transfer of Company's 49% shareholding in Voltas Qatar W.L.L. (Euro 1,01,056) (₹ 0.91 crore) by way of gift as capital contribution to its wholly owned subsidiary in the Republic of Singapore – Universal MEP Projects Pte. Limited.

The legal process for transfer of shares and change of shareholder in the Commercial Registration of Voltas Qatar W.L.L. was completed during the year.

Further, the Company has during the year under review, made additional investments aggregating Euro 48,38,067 (equivalent SGD 71,50,000) (₹ 43.38 crores) in Universal MEP Projects Pte. Limited, Republic of Singapore.

Share Capital

During the year, Voltas Limited (the holding company) made an additional capital infusion for Euro 50,00,000 (₹ 44.84 crores), of which Euro 49,99,995 is considered as share capital and the balance Euro 5 is considered as share premium reserve.

The entire paid up share capital of the Company, consisting of 124,746 shares of Euro 45 (₹ 4,044/-) each, is held by Voltas Limited, Mumbai, India.

Share Capital

	Euro	₹ in '000s
Balance as per 31st March, 2023	6,13,575	54,897
Additional capital infusion during the year	49,99,995	4,48,350
Balance as per 31st March, 2024	56,13,570	5,04,492

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Share Premium Reserve

	Euro	₹ in '000s
Balance as per 31st March, 2023	—	—
Addition during the year	5	—
Balance as per 31st March, 2024	5	—

Other Reserve

	Euro	₹ in '000s
Balance as per 31st March, 2023	83,67,723	7,48,660
Loss for the period 2023-2024	(2,93,971)	(26,360)
Balance as per 31st March, 2024	80,73,752	7,25,588

Statutory Reserve

	Euro	₹ in '000s
Balance as per 31st March, 2023	5,154	461
Movement	—	—
Balance as per 31st March, 2024	5,154	463

Loans to participations

	Euro	₹ in '000s
Inter Corporate Deposits to Universal MEP Projects Pte. Limited (SGD 0)	—	—

During 2022-2023, the Company had given Inter Corporate Deposits to Universal MEP Projects Pte. Limited aggregating Euro 35,261 (SGD 50,000) (₹ 0.32 crore), at an interest rate of 3% per annum.

During 2023-2024, the Inter Corporate Deposits were repaid by Universal MEP Projects Pte. Limited.

Trade Receivables	Euro	₹ in '000s
Corporate Guarantee fees (Voltas Qatar W.L.L.)	1,81,577	16,318
Corporate Guarantee fees (Voltas Oman SPC)	1,41,270	12,696
Corporate Guarantee fees (Lalbuksh Voltas Engineering Services & Trading L.L.C.)	269	24
Corporate Guarantee fees (Universal Voltas L.L.C.)	1,279	115
Balance as per 31st March, 2024	3,24,395	29,153

Other Receivables

	Euro	₹ in '000s
Prepayments	14,106	1,268
Corporate Guarantee fees (Voltas Qatar W.L.L.)	30,982	2,785
Corporate Guarantee fees (Voltas Oman SPC)	3,928	353
Corporate Guarantee fees (Lalbuksh Voltas Engineering Services & Trading L.L.C.)	90	8
Corporate Guarantee fees (Universal Voltas L.L.C.)	583	52
Balance as per 31st March, 2024	49,689	4,466

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Bank Balances

	Euro	₹ in '000s
ABN AMRO Bank EURO	**2,04,285**	**18,359**
ABN AMRO Bank USD	**1,11,837**	**10,051**
ABN AMRO Bank Top Deposit EURO	**1,156**	**104**
Balance as per 31st March, 2024	**3,17,278**	**28,514**

Trade Payables

	Euro	₹ in '000s
Audit, advisory and accounting costs	**5,621**	**505**
Corporate Guarantee fees (Voltas Limited)	**62,041**	**5,576**
Balance as per 31st March, 2024	**67,662**	**6,081**

Current Liabilities

	Euro	₹ in '000s
Corporate Guarantee fees (Voltas Limited)	**35,824**	**3,220**
Audit, advisory and accounting costs	**37,500**	**3,370**
Balance as per 31st March, 2024	**73,324**	**6,590**

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 292.860 million (Euro 74.527 million) (₹ 669.77 crores).

The utilised amount as per balance sheet date amounts to QR 178.519 million (Euro 45.429 million) (₹ 408.27 crores).

(ii) National Bank of Oman S.A.O.G., Muscat, Oman on behalf of Voltas Oman SPC for RO 4.350 million (Euro 10.486 million) (₹ 94.24 crores).

The utilised amount as per balance sheet date amounts to RO 0.607 million (Euro 1.464 million) (₹ 13.16 crores).

(iii) 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 4.821 million) (₹ 43.33 crores).

The utilised amount as per balance sheet date amounts to RO 0.506 million (Euro 1.221 million) (₹ 10.97 crores).

(iv) 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 10.505 million) (₹ 94.41 crores).

The utilised amount as per balance sheet date amounts to AED 8.319 million (Euro 2.103 million) (₹ 18.90 crores).

The total utilised amount as per balance sheet date amounts to Euro 50.217 million (₹ 451.30 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 (₹ 781.87 crores), to the extent of actual utilisation of the credit facilities by the respective participations.

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT (contd.)

Since the holding company of the participations has changed from Voltas Netherlands B.V. to Universal MEP Projects Pte. Limited (UMPPL), the Corporate Guarantees issued by Voltas Netherlands B.V. to the banks of the participations would be retrieved back for cancellation and fresh Corporate Guarantees would be issued by UMPPL to the respective banks.

Fees Corporate Guarantee

	Euro	₹ in '000s
Voltas Qatar W.L.L.	**1,14,667**	**10,282**
Voltas Oman SPC	**15,523**	**1,392**
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**977**	**88**
Universal Voltas L.L.C.	**2,944**	**264**
	1,34,111	**12,026**

The Company did not have any employees during 2023-2024 (2022-2023: Nil).

Operating and Administrative Expenses

	Euro	₹ in '000s
Fees Corporate Guarantee (Voltas Limited)	**1,34,111**	**12,026**
Management costs	**1,31,813**	**11,820**
Audit and advisory expenses	**84,634**	**7,589**
Legal fees	**3,414**	**306**
Tax advisory costs	**75,361**	**6,758**
Other costs	**607**	**54**
	4,29,940	**38,553**

Financial Results

	Euro	₹ in '000s
Interest received	**(4,399)**	**(394)**
Bank charges	**2,657**	**238**
Interest on Inter Corporate Deposit (Universal MEP Projects Pte. Limited)	**(188)**	**(17)**
Exchange rate differences	**72**	**6**
	(1,858)	**(167)**

Directors **V. P. Malhotra**

Amsterdam, 26th April, 2024 **Yolanda Ortola Martinez**

UNIVERSAL MEP PROJECTS PTE. LIMITED

Directors :

Pradeep Kumar

Kottamasu Venkateswara Rao

Shantanu Chatterjee

DIRECTORS' REPORT

TO THE MEMBERS

The Directors present their Third Annual Report and the Accounts for the year ended 31st March, 2024.

2. The legal process for transfer of 49% shareholding of Voltas Netherlands B.V. (VNBV) in Voltas Qatar W.L.L. (VQWLL) was completed during the year and the Commercial Registration Certificate of VQWLL has been suitably amended to reflect the name of the Company as a shareholder in place of VNBV.

3. During the year under review, the share capital of the Company was increased by SGD 7.150 million. The Company has also made additional investment of SGD 5.227 million in Voltas Oman SPC – a wholly owned subsidiary of the Company in the Sultanate of Oman.

4. The Company has reported a loss of SGD 0.771 million for the year under review due to share of loss of an associate company.

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

Singapore, 24th April, 2024 *Directors*

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, 2024, 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 material accounting policy information.

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, 2024 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 unauthorized 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, 24th April, 2024

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2024

	Note	SGD	As at 31-3-2023 SGD	₹ in '000s	As at 31-3-2023 ₹ in '000s
ASSETS LESS LIABILITIES					
Non-Current Assets					
Investment in associate	3	**41,11,565**	53,05,706	**2,53,807**	3,27,999
Investment in subsidiaries	4	**1,16,76,935**	63,03,636	**7,20,817**	3,89,691
Other receivables	5	**16,94,995**	—	**1,04,632**	—
		1,74,83,495	1,16,09,342	**10,79,256**	7,17,690
Current Assets					
Cash and cash equivalents	6	—	16,465	—	1,018
Other receivables	5	**65,77,378**	—	**4,06,022**	—
		65,77,378	16,465	**4,06,022**	1,018
Current Liabilities					
Borrowings	8	**59,60,542**	50,000	**3,67,944**	3,091
Other payables	7	**22,354**	22,956	**1,380**	1,419
		59,82,896	72,956	**3,69,324**	4,510
Net Current Assets / (Liabilities)		**5,94,482**	(56,491)	**36,698**	(3,492)
Net Assets		**1,80,77,977**	1,15,52,851	**11,15,954**	7,14,198
Capital and reserves attributable to equity holders of the Company					
Share capital	9	**71,50,001**	1	**4,41,370**	*
Capital contribution	10	**1,17,34,305**	1,15,88,006	**7,24,359**	7,16,371
Accumulated losses		**(8,06,329)**	(35,156)	**(49,775)**	(2,173)
Total Equity		**1,80,77,977**	1,15,52,851	**11,15,954**	7,14,198

(*: less than ₹100)

Note : The Statement of financial position has been converted into Indian Rupees @ 1 Singapore Dollar (SGD) = ₹ 61.73 being the exchange rate prevailing as on 31st March, 2024. Previous year figures have been converted @ 1 SGD = ₹ 61.82 being the exchange rate prevailing as on 31st March, 2023.

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

Directors **Pradeep Kumar**

Singapore, 24th April, 2024 **Kottamasu Venkateswara Rao**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2024

	Note	SGD	2022-23 SGD	₹ in '000s	2022-23 ₹ in '000s
Continuing operations					
Revenue		—	—	—	—
Other income	11	**5,39,285**	—	**33,317**	—
Administration expenses	12	**(36,273)**	(46,221)	**(2,241)**	(2,722)
Finance costs	13	**(80,044)**	(740)	**(4,945)**	(44)
Profit / (Loss) before taxation		**4,22,968**	(46,961)	**26,131**	(2,766)
Share of (loss) / profit of associate	3	**(11,94,141)**	21,336	**(73,774)**	1,257
Taxation	14	—	—	—	—
Loss from continuing operations		**(7,71,173)**	(25,625)	**(47,643)**	(1,509)
Loss for the year		**(7,71,173)**	(25,625)	**(47,643)**	(1,509)
Total comprehensive loss		**(7,71,173)**	(25,625)	**(47,643)**	(1,509)
Loss attributable to:					
Equity holders of the Company		**(7,71,173)**	(25,625)	**(47,643)**	(1,509)
Total comprehensive loss to:					
Equity holders of the Company		**(7,71,173)**	(25,625)	**(47,643)**	(1,509)

Note : The Profit and Loss Account has been converted into Indian Rupees @ 1 SGD = ₹ 61.78 being the average of the exchange rates prevailing as on 31st March, 2023 (1 SGD = ₹ 61.82) and as on 31st March, 2024 (1 SGD = ₹ 61.73). Previous years figures have 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 = ₹ 61.82).

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

Directors **Pradeep Kumar**

Singapore, 24th April, 2024 **Kottamasu Venkateswara Rao**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2024

	Share Capital		Capital contribution		Accumulated Loss		Total	
	SGD	₹ in '000s	SGD	₹ in '000s	SGD	₹ in '000s	SGD	₹ in '000s
As at 1st April, 2022 as restated	1	*	—	—	(9,531)	(533)	(9,530)	(533)
Capital contribution (Note 10)	—	—	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 31 March, 2023 as restated	1	*	1,15,88,006	7,16,371	(35,156)	(2,173)	1,15,52,851	7,14,198
Capital contribution (Note 10)	—	—	1,46,299	9,038	—	—	1,46,299	9,038
Issue of shares (Note 9)	71,50,000	4,41,727	—	—	—	—	71,50,000	4,41,727
Total comprehensive loss for the year	—	—	—	—	(7,71,173)	(47,643)	(7,71,173)	(47,643)
As at 31st March, 2024	**71,50,001**	**4,41,370**	**1,17,34,305**	**7,24,359**	**(8,06,329)**	**(49,775)**	**1,80,77,977**	**11,15,954**

(* : less than ₹ 100)

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2024

		2022-23		2022-23
	SGD	SGD	**₹ in '000s**	₹ in '000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (Loss) before taxation	**4,22,968**	(46,961)	**26,131**	(2,766)
Operating loss before working capital changes	**4,22,968**	(46,961)	**26,131**	(2,766)
Working capital changes, excluding changes related to cash:				
Interest receivable from loan to subsidiary	**(1,27,152)**	—	**(7,849)**	—
Other receivables	**(3,021)**	1	**(186)**	*
Other payables	**(602)**	13,425	**(39)**	886
Net cash used in operating activities	**2,92,193**	(33,535)	**18,037**	(2,073)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in associate and subsidiaries	**(52,27,000)**	—	**(3,22,924)**	—
Loan to subsidiary	**(81,42,200)**	—	**(5,03,025)**	—
Net cash used in investing activity	**(1,33,69,200)**	—	**(8,25,281)**	—
CASH FLOWS FROM FINANCING ACTIVITIES				
Bank overdraft	**59,60,542**	—	**3,67,944**	—
Loans	**—**	50,000	**—**	3,091
Issuance of ordinary shares	**71,50,000**	—	**4,41,727**	—
Repayment of loans	**(50,000)**	—	**(3,091)**	—
Net cash generated from financing activity	**1,30,60,542**	50,000	**8,06,227**	3,091
Net (decrease) / increase in cash and cash equivalents	**(16,465)**	16,465	**(1,018)**	1,018
Cash and cash equivalents at the beginning of year/period	**16,465**	—	**1,018**	—
Cash and cash equivalents at the end of year/period (Note 6)	**—**	16,465	**—**	1,018

(* : less than ₹ 100)

Note: 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 (Note 3, 4 and 10).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

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 statements of the Company for the year ended 31st March, 2024 were authorised for issue in accordance with a resolution of the Directors on 24th April, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 20.

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, 2023. 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, 2024, 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, 2024
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 7 *Statement of Cash Flows and FRS 107 Financial Instruments: Disclosures: Supplier Finance Arrangements*	1st January, 2024
Amendments to FRS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*	1st January, 2025
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

2. MATERIAL ACCOUNTING POLICY INFORMATION (contd.)

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 de-recognised 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.

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,

2. MATERIAL ACCOUNTING POLICY INFORMATION (contd.)

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 of the Key Management Personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or and 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 Company 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.

2.8 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

2. MATERIAL ACCOUNTING POLICY INFORMATION (contd.)

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.

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 Borrowing Costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (contd.)

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 "Financial Reporting Standard (FRS) 27, Separate Financial Statements (FRS 27)" 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.

2.17 Going Concern

One of the subsidiary company's (the subsidiary) current liabilities exceeded the current assets, and the accumulated losses exceeded the paid-up capital as at 31st December, 2023. These factors indicate the existence of a material uncertainty which may cast significant doubt over the subsidiary's ability to continue as a going concern.

The ability of the subsidiary to continue as a going concern is dependent on the undertaking of the Company, Universal MEP Projects Pte. Limited (UMPPL), to provide continuing financial support to enable the subsidiary to meet its liabilities as and when they fall due. UMPPL has confirmed that necessary support would be extended to the concerned subsidiary.

If the subsidiary were unable to continue in operational existence for the forseeable future the subsidiary may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the subsidiary may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3. INVESTMENT IN ASSOCIATE

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
At the beginning of year	**53,05,706**	—	**3,27,999**	—
Addition during the year*	**—**	52,84,370	**—**	3,11,249
Share of (loss) / profit (net of tax)	**(11,94,141)**	21,336	**(73,774)**	1,257
At the end of year	**41,11,565**	53,05,706	**2,53,807**	3,27,999

Details of the associate is as follows:

Name the Company	Country of incorporation and place of business	Principal activity	Equity holding		Cost of investment			
			2024	2023	**2024**	2023	**2024**	2023
			%	%	**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**	49	**52,84,370**	52,84,370	**3,26,204**	3,26,680

* During the year 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

3. INVESTMENT IN ASSOCIATE (contd.)

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:

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
Assets	**3,92,32,413**	4,52,74,489	**24,21,817**	7,98,869
Liabilities	**2,18,84,732**	2,58,14,231	**13,50,945**	15,95,836
Revenue	**3,87,19,692**	5,09,58,707	**23,92,103**	30,01,468
Net Profit	**(24,37,023)**	43,543	**(1,50,559)**	2,565

4. INVESTMENT IN SUBSIDIARIES

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
Unquoted equity investment, at cost				
At the beginning of year	**63,03,636**	—	**3,89,691**	—
Addition during the year*/**/***	**53,73,299**	63,03,636	**3,31,962**	3,71,284
At the end of year	**1,16,76,935**	63,03,636	**7,20,817**	3,89,691

Details of the subsidiaries are as follows:

Name the Company	**Principal activity**	**Country of incorporation and place of business**	**Company's effective interest**	
			2024 %	2023 %
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	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	8
Lalbuksh Voltas Engineering Services & Trading L.L.C. ^^^	Irrigation and landscaping activities and construction of water treatment plants	Sultanate of Oman	40	40
Voltas Qatar W.L.L. ^^^^	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.	State of Qatar	49	—

4. INVESTMENT IN SUBSIDIARIES (contd.)

* During the year 2023, the Company acquired the investments in Voltas Oman SPC, Saudi Ensas Company for Engineering Services W.L.L. and Lalbuksh Voltas Engineering Services & Trading L.L.C. via virtue of transfer of ownership of these entities from the holding company.

** During the current year, the Company made an additional investment in Voltas Oman SPC [SGD 52,27,000 (₹ 32.29 crores)]

*** During the current year, the Company acquired the investment in Voltas Qatar W.L.L. via virtue of transfer of ownership from the holding company.

As the composition of Board of Directors of Voltas Qatar W.L.L. is under control of Voltas Limited, Voltas Qatar W.L.L. is a subsidiary of Voltas Limited. Even though the shareholding percentage of the Company is 49%, the profit-sharing percentage is 97.75%.

^ 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

^^^^Audited by Deloitte & Touche, Doha, State of Qatar

5. OTHER RECEIVABLES

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
Non-current				
Amount due from subsidiary company*	**16,94,995**	—	**1,04,632**	—
Current				
Amount due from subsidiary company*	**65,74,357**	—	**4,05,836**	—
Prepayments	**3,021**	—	**186**	—
	65,77,378	—	**4,06,022**	—

*The amount due from subsidiary company is an unsecured inter-corporate loan issued on 16th January, 2024 for a period of 18 months from the date of issue including interest at 7.50% per annum.

6. CASH AND CASH EQUIVALENTS

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
Cash at bank	—	16,465	—	1,018

7. OTHER PAYABLES

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
Current				
Accrued expenses	**22,354**	22,956	**1,380**	1,419

Other payables are unsecured, non-interest bearing and are normally settled on 30-day terms.

8. BORROWINGS

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
Current				
Bank overdraft*	**59,60,542**	—	**3,67,944**	—
Short term loans from holding company**	—	50,000	—	3,091
	59,60,542	50,000	**3,67,944**	3,091

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

8. BORROWINGS (contd.)

* The Company availed an overdraft facility up to USD 10 million [equivalent SGD 13.264 million (₹ 82.07 crores)] on 16th January, 2024, at an interest rate of 7% per annum. The terms and conditions of commitments are disclosed in Note 22.

**The Company had 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% per annum. The total loan was settled during the year.

9. SHARE CAPITAL

	No. of shares	As at 31-3-2023	**SGD**	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
Ordinary shares issued						
At the beginning of year	**1**	1	**1**	1	*	*
Issuance of shares^	**71,50,000**	—	**71,50,000**	—	**4,41,727**	—
At the end of year	**71,50,001**	1	**71,50,001**	1	**4,41,370**	*

(* : 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.

^In the financial year, SGD 71,50,000 (₹ 44.17 crores) was issued as shares to immediate holding corporation, Voltas Netherlands B.V.

10. CAPITAL CONTRIBUTION

	SGD	As at 31-3-2023 SGD	**₹ in '000s**	As at 31-3-2023 ₹ in '000s
At the beginning of year	**1,15,88,006**	—	**7,16,371**	—
Addition during the year */**	**1,46,299**	1,15,88,006	**9,038**	6,82,534
At the end of year	**1,17,34,305**	1,15,88,006	**7,24,359**	7,16,371

* During the year 2023, the Company received 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. 100,000 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.

** During the financial year, the Company is in receipt of the below investment in group company by way of separate gift deed which provide for irrevocable transfer of legal and beneficial ownership of shares from its Parent Company, Voltas Netherlands B.V.:

1. 49,000 ordinary shares with a nominal value of Qatari Riyal (QR) 10 each, representing 49% of the issued and paid-up share capital of Voltas Qatar WLL, company incorporated in State of Qatar.

10. CAPITAL CONTRIBUTION (contd.)

This receipt of the above investments by way of a gift is recorded in the books of accounts as equity contribution at book values as under:

	SGD	As at 31-3-2023 SGD	₹ in '000s	As at 31-3-2023 ₹ in '000s
Name of the entities				
Saudi Ensas Company for Engineering Services W.L.L.	**4,82,692**	4,82,692	**29,797**	29,840
Universal Voltas L.L.C.	**52,84,370**	52,84,370	**3,26,204**	3,26,680
Voltas Oman SPC	**41,70,386**	41,70,386	**2,57,438**	2,57,814
Lalbuksh Voltas Engineering Services & Trading L.L.C.	**16,50,558**	16,50,558	**1,01,889**	1,02,037
Voltas Qatar W.L.L.	**1,46,299**	—	**9,031**	—
	1,17,34,305	1,15,88,006	**7,24,359**	7,16,371

11. OTHER INCOME

	SGD	2022-23 SGD	₹ in '000s	2022-23 ₹ in '000s
Dividend income	**4,12,133**	—	**25,462**	—
Interest on inter-corporate loan	**1,27,152**	—	**7,855**	—
	5,39,285	—	**33,317**	—

12. ADMINISTRATION EXPENSES

	SGD	2022-23 SGD	₹ in '000s	2022-23 ₹ in '000s
Audit fee and other tax related matters	**18,632**	11,885	**1,151**	700
Bank charges	**2,397**	1,740	**148**	102
Courier charges	**276**	—	**17**	—
Exchange loss	**2,543**	—	**157**	—
Legalization charges	**4,598**	5,185	**284**	305
Membership and subscription	**272**	—	**17**	—
Miscellaneous expenses	**1,977**	5,000	**122**	295
Professional fees	**5,578**	22,411	**345**	1,320
	36,273	46,221	**2,241**	2,722

13. FINANCE COST

	SGD	2022-23 SGD	₹ in '000s	2022-23 ₹ in '000s
Interest on loans	**277**	740	**17**	44
Interest on bank overdraft	**79,767**	—	**4,928**	—
	80,044	740	**4,945**	44

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

14. TAXATION

Major components of income tax expenses are as follows:

		2022-23		2022-23
	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:

		2022-23		2022-23
	SGD	SGD	**₹ in '000s**	₹ in '000s
Profit / (Loss) before taxation	**4,22,968**	(46,961)	**26,131**	(2,766)
Tax expense on profit / (loss) before tax @ 17%	**71,905**	(7,983)	**4,442**	(470)
Adjustments:				
Non-taxable income	**(91,678)**	—	**(5,664)**	—
Non-deductible expenses	**19,773**	7,983	**1,222**	470
Tax expense	—	—	—	—

15. 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:

		2022-23		2022-23
	SGD	SGD	**₹ in '000s**	₹ in '000s
Immediate holding company				
Short term loans	—	50,000	—	2,945
Interest on loans	—	740	—	44
Subsidiary company				
Inter-corporate loan	**81,42,200**	—	**5,03,025**	—
Interest on inter-corporate loan	**1,27,152**	—	**7,855**	—
	82,69,352	50,740	**5,10,880**	2,989

Balance with related party at the reporting date are set out in Notes 5 and 11.

16. 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:

		As at 31-3-2023		As at 31-3-2023
	SGD	SGD	**₹ in '000s**	₹ in '000s
Financial Assets				
Loans and receivables:				
Inter-corporate loan (including interest)	**82,69,352**	—	**5,10,468**	—
Other receivables	**3,021**	—	**186**	—
	82,72,373	—	**5,10,654**	**—**
Financial Liabilities				
Financial Liabilities measured at amortised cost:				
Other payables	**22,354**	22,956	**1,380**	1,419
Borrowings	**59,60,542**	50,000	**3,67,944**	3,091
	59,82,896	72,956	**3,69,324**	4,510

17. 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.

17.1 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.

17.2 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.

17.3 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.

17.3.1 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 exposed to interest rate risk on its interest-bearing term loans as it does not have any financial instruments bearing a variable interest rate as at the reporting date.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

		2022-23		2022-23
	SGD	SGD	**₹ in '000s**	₹ in '000s
Variable rate instruments				
Financial liabilities	**59,60,542**	—	**3,67,944**	—

17.3.2 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.

18. 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.

19. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2024 (contd.)

19. CAPITAL MANAGEMENT (contd.)

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.

		As at 31-3-2023		As at 31-3-2023
	SGD	SGD	**₹ in '000s**	₹ in '000s
Total other payables and borrowings	**59,82,896**	72,956	**3,69,324**	4,510
Less: Cash and cash equivalents	—	(16,465)	—	(1,018)
Net debts	**59,82,896**	56,491	**3,69,324**	5,528
Total equity	**1,80,77,977**	1,15,52,851	**11,15,954**	7,14,197
Total capital	**2,40,60,873**	1,16,09,342	**14,85,278**	7,19,725
Gearing ratio	**0.25**	0.01	**0.25**	0.01

The Company does not have any externally imposed capital requirements for the financial year ended 31st March, 2024.

20. 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.

20.1 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 judgmental 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.

21. OTHER MATTER

The Israel – Hamas war, 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 of the above on the following matters:

(1) Changes in economic and market conditions that affect the fair values of the Association's financial and non-financial assets and liabilities.

(2) Additional expected credit losses due to a decline in the repayment ability of debtors.

Management assessment requires the exercise of judgement and careful consideration of the Company's specific facts and circumstances. As of reporting date, the Company has no significant exposure to the above matters. The Company will continue to monitor any material impact due to changes in future economic conditions.

22. COMMITMENTS

The Company availed an overdraft facility up to USD 10 million (equivalent SGD 13.264 million) as disclosed in Note 8, with the terms and conditions as table below:

Borrower	Universal MEP Projects Pte. Limited ("UMP")
Lender	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the "Bank" or "HSBC")
Facility	Overdraft Facility
Facility Amount	USD 10 Million
Security	Letter of Comfort ("LOC")
Letter of Comfort Provider	Voltas Limited ("Voltas")
Purpose	Overdraft facility will be used immediately for cash flow mismatches / funding requirements of UMP itself and its subsidiaries / Voltas group entities
Pricing	Term SOFR + 3.25% p.a. Bank's Prime Lending Rate (5.50%) + 1.50% p.a.
Jurisdiction	Singapore Law
Conditions Precedent	To include but not limited to: - Satisfactory credit approvals - Satisfactory execution and receipt of necessary facility and security documentation which will be advised to UMP after the necessary credit approvals have been received

23. PRIOR YEAR ADJUSTMENT

Prior year adjustment was made to present the actual share capital and capital contribution as the following:

	Balance as previously stated		Balance restated	
	SGD	₹ in '000s	SGD	₹ in '000s
Statement of Financial Position as at 31st March, 2023				
Share capital	1,15,88,007	7,16,371	1	*
Capital contribution	—	—	1,15,88,006	7,16,371
Statement of Changes in Equity for the year ended 31st March, 2023				
Share capital	1,15,88,007	7,16,371	1	*
Capital contribution	—	—	1,15,88,006	7,16,371

(* : less than ₹ 100)

Directors **Pradeep Kumar**

Singapore, 24th April, 2024 **Kottamasu Venkateswara Rao**

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